

NEWS: EUROPE

Rifkind denies UK is holding up EU reform

By Bruce Clark and Quentin Peel

Mr Malcolm Rifkind, the UK foreign secretary, is very, very sensitive to the accusation - often heard in continental Europe - that Britain is holding up the reforms that will prepare the European Union to take in new members.



Rifkind: alarm over Cyprus

insisted, while reeling off a list of areas - from trimming the size of the Commission to the adjustment of voting weights - where Britain would play a helpful role at the IGC.

was negative, then this opinion should be accepted. While some EU states might favour overriding the Commission on political grounds, Britain would not.

brings to the cause of Nato expansion an enthusiasm which is by no means universal in the British establishment.

between Greece and Turkey could break out at any time, because of disputes in the Aegean.

Yeltsin promises an active return to work

By Chrystie Freeland in Moscow

Russian President Boris Yeltsin yesterday told the country he would be back at work in the Kremlin at 9 o'clock sharp on Monday morning and promised to provide the "active and energetic" leadership he said Russia now needed.

Observers start probe into Serbian elections

By Laura Silber in Belgrade

A team of international observers yesterday launched an inquiry into election fraud in Belgrade against a background of deepening splits among the ruling elite of President Slobodan Milosevic of Serbia.

communist coalition partner, the Yugoslav United Left (JUL), which is led by his wife, Mrs Mirjana Markovic. Many Socialists believe they lost the elections because of popular resentment against Mrs Markovic, whose party stood on a joint ticket.

Fearing western condemnation, Mr Milosevic has refrained from using the police to crush protesters. But armed with control over state television he has stepped up his propaganda war against the opposition and has orchestrated his own counter-demonstrations across Serbia.

'Convergence programme' provides four-year budget framework Belgium to cut debt by 10%

By Neil Buckley in Brussels

Belgium yesterday adopted an ambitious budgetary "convergence programme" which envisages cutting the budget deficit to 1.4 per cent of gross domestic product by 2000 and reducing its debt mountain by 10 per cent.

While gross public debt, projected at 120.4 per cent of GDP in 2000, will still be twice the 60 per cent target in the Maastricht treaty, it will represent a significant cut from this year's 130.4 per cent.

Belgium's federal authorities at 5.3 per cent of GDP from 1997 through to 2000 - up from 5.1 per cent this year - by holding spending and revenues at constant percentages of GDP.

from 8.6 per cent of GDP to 7.5 per cent. That would reduce the final budget deficit from 2.9 per cent next year to 1.4 per cent in 2000 - well within the 3 per cent stability pact limit.

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France bans imports of cattle from Switzerland

By David Buchan in Paris

Responding to pressure from its own farmers, France yesterday joined other European Union countries in blocking imports of cattle and most beef from Switzerland, the country with the second highest rate of "mad cow" disease behind the UK.

Germany, Austria and Italy - which have already imposed an embargo on Swiss beef.

Switzerland has recorded 240 cases of mad cow disease, of which 45 have been detected since the start of this year.



Vasseur: 'suspended'

After its first attempt to sell the whole Thomson group was thwarted by the privatisation committee, the Jappé government has decided to consult the Conseil d'Etat to avoid any further legal trouble with its new strategy of selling the group's defence division alone.

Why Senna's death probe puts Italy's grand prix in doubt

To the tifosi, the fanatic supporters of Ferrari, the prospect of a legal trial denying them the annual pilgrimage to the Italian grand prix at Monza is the stuff of revolution.

British magistrates' court. None of the defendants need appear. The court's judgment is not definitive and can be appealed.

Benetton-Renault grand prix team, has already said his team would boycott races in Italy should a verdict go against any of the six.

Not least, many Italians find it inconceivable that such a trial could prejudice the country's rapidly reviving pride in Ferrari and the personal commitment of Italy's most powerful industrialist, Mr Gianni Agnelli, to reviving former Ferrari glories through its \$25m annual salary to German champion Michael Schumacher.

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UK to Channel leg... Lanzibar ex... Various advertisements and notices on the right margin.

Desperate Elmo hunters take to the Internet



Elmo; hot property

By Lisa Bransten in New York

Cyberspace is teeming with greed and desperation this holiday season as parents across the US confront the prospect of Christmas morning without a Tickle Me Elmo, this year's hottest toy. "We kidnapped Tickle Me Elmo. You want him? We've got him. Demanding \$350 in unmarked bills for his release," reads one of the scores of sites on the World Wide Web inviting offers for the furry red Muppet that giggles and talks when his belly is rubbed. "This is NO

JOKE! Serious offers only," the site adds, above an address for e-mail bids. The Sesame Street toy, which sells for about \$30, is the number one choice of the more than 28,000 cyber-savvy children who have e-mailed wish lists to Santa through America Online, the largest online service in the US, but he can be nearly impossible for parents to find. Wal-Mart, one of the US's biggest toy retailers, said requests for Elmo were so heavy at one Vermont store that when just seven came in a recent

shipment it raffled them for \$1 a ticket rather than disappoint dozens of customers. In 24 hours the store raised \$7,000 for a local charity. A search of the Internet shows over 100 pages on the World Wide Web advertising Elmos for sale from \$300 to more than \$1,000. That does not include hundreds of classified ads and bulletin board postings across the Internet. Mr Scott Smith, director of the digital commerce group at Japitar Communications, a technology research firm, says

that the Elmo craze on the Internet is a sign of the broadening appeal of the medium. "This could be the first use of the on-line medium to buy and sell the hot Christmas product," he said. There are signs that Elmo has dragged computer neophytes onto the Internet, but he has not necessarily promoted online commerce. Ms Kathy Kruse of Saint Marys, Ohio, does not own a computer, but she got a friend to put up a Web site selling her doll for "\$350 or best offer". "I guess you could say it is

greed," she concedes. Mr Cristian Redferne, a student in Sacramento, California, said his offer to sell a doll had brought about 80 e-mail messages, nearly all of which were nasty. "I was accused of being a Scrooge," he said. There were no bids. Web advertiser Mr Mike Corpb reported he had accepted an offer to buy his Elmo for \$500. Elmo's manufacturer, Tyco Toys, which initially shipped 400,000 dolls, denied accusations that it deliberately restricted its supply. The company said it had

stepped up production and hoped to have an additional 800,000 Elmos in stores by Christmas. Mr Jay Blanchard of Canyon Lake, Texas, offered a ray of sanity. He put up an ad hoping to buy an Elmo for his 6-year-old daughter "at a reasonable price" and expected to pay about \$100 including shipping and handling. He got about 250 responses, but not one for less than \$150. "After getting all of these e-mails I thought common sense has to take hold," he said. His daughter will get Tickle Me Elmo for her birthday, in July.

Sacked minister storms TV set

By David Pilling in Buenos Aires

Few separations have mixed resentment with faces in such generous proportions as that of Argentina's President Carlos Menem from his erstwhile economy minister, Mr Domingo Cavallo.

The latest incident in a highly public slanging match, which began with Mr Cavallo's unceremonious sacking in July, came on Thursday when an irate Mr Cavallo tried to burst on to the set of a late-night chat show in which Mr Menem was appearing.

Restrained by the show's producers, Mr Cavallo left the television studio in a huff, telling reporters: "Menem won't even look me in the eyes."

The former minister, once lauded for saving Argentina from the ravages of hyperinflation, earlier this week said he was "ashamed" of having served for seven years in Mr Menem's cabinet. He has accused the president of letting corruption fester within his administration.

Mr Menem, who has previously called Mr Cavallo "a liar" and "in the opposition", was restrained on Thursday night. He told talk-show host Mr Mariano Grondona: "I don't want to get into this. I respect [Cavallo] as a great minister who served his time, but then had to go."

The public has been left largely baffled by the almost daily accusations of the former minister. Although opinion polls show a majority of people share Mr Cavallo's suspicions about the Menem administration, many believe he should have spoken up earlier.

According to polls, the public also doubts that the judicial system is sufficiently independent to embark on an Italian-style sweep of allegedly corrupt public officials.

Mr Cavallo's storming of the television studio was provoked by the arrest earlier this week of Mr Gustavo Parino, a former head of customs appointed by Mr Cavallo.

Mr Parino is being held in connection with an investigation into the "underground customs", through which \$10bn of goods has allegedly been smuggled into Argentina over the past four years.

UK challenge to China's handpicked legislators

By John Hidding in Hong Kong

Britain yesterday threatened to take China to the International Court of Justice, in a row over Beijing's plan to replace Hong Kong's Legislative Council.

The move comes as 400 members of a Beijing-backed committee meet today in southern China to select a provisional legislature. The new body will replace the territory's Legislative Council when Hong Kong returns to China next July.

The legislature dispute has emerged as one of the most serious obstacles to a smooth transition. It has prompted concerns about confusion and uncertainty resulting from the existence of parallel legislatures ahead of the handover.

Mr Malcolm Rifkind, the British foreign secretary, said in London there was no basis for a provisional legislature in the Sino-British Joint Declaration, the 1984 accord which underpins the handover.

"A body chosen by a hand-picked 'electorate' of 400 is not, in any reasonable sense, a legislature constituted by elections as required by the Joint Declaration," he said. China refuses to recognise the present Legislative

Council, elected last year under democratic reforms implemented by Mr Chris Patten, the Hong Kong governor. Mr Tung Chee-hwa, the shipping tycoon selected this month to succeed Mr Patten, backs China's plans for the new legislature, attacking Britain and the Hong Kong government for failing to "face reality" and co-operate with the body.

Pro-democracy politicians in Hong Kong predicted the provisional legislature would be dominated by business leaders and pro-Beijing figures. "They will have no credibility," said Mr Yeung Sum, vice chairman of the Democratic party, the largest group in the existing legislature.

Although the Democratic party has boycotted the provisional legislature, more than half the 60 existing legislators are seeking seats on the body. Several candidates who failed to secure seats in last year's elections are also lobbying for selection.

In a toughly worded statement, Mr Rifkind said Britain would step up its monitoring of Hong Kong before, and after the handover. "This would include a six-monthly report to parliament, with particular reference to the protection of human rights."



Marching together: Israeli and Palestinian protesters in Jerusalem yesterday

Arabs and Israelis unite in protest

By Judy Dempsey and Avi Machlis in Jerusalem

Israeli and Palestinian demonstrators yesterday joined forces to oppose plans for a new Jewish settlement in the Arab district of Ras al-Amud in east Jerusalem.

The protesters included Israel's Peace Now movement, lawyers and members of the Palestinian Legislative Council. The Jerusalem District Planning Commission has approved plans for 132 homes on a plot allegedly owned by a Miami-based Jewish businessman. But ultimate authority rests with Mr Benjamin Netanyahu, the prime minister, who has come under sharp attack

from the US administration for expanding settlements in the West Bank.

Israeli peace activists and Palestinians said yesterday West Bank settlements and the Ras al-Amud plans were jeopardising the peace process, a view also shared by the European Union and Arab states.

"There will not be peace between us and the Israelis...if a settlement is established here [in Ras al-Amud]," said Mr Faisal Husseini, the Palestinian Liberation Organisation's top official in Jerusalem. And Mr Ahmed Korei, speaker of the Palestinian legislature, said Palestinians would be prepared to confront Israel "by all means" if the construction went ahead.

Eritrean president warns Sudan's Islamic regime could start 'senseless' conflict

New turmoil feared in Horn of Africa

By Michael Holman, Africa Editor, in London

The "expansionist" policies of the Islamic military regime in Sudan could lead to "a new cycle of turmoil" in the Horn of Africa, President Issaias Afewerki of Eritrea has warned.

"The policies of expansionism pursued by the Khartoum regime... [have] to be firmly countered to redeem the region from another bout of senseless conflict," he said in a speech delivered in London on Thursday to the Royal Institute of International Affairs.

The president said the region had seen democracy emerge in Ethiopia and independence in Eritrea, but the state had virtually collapsed in Somalia and an extremist regime had come to power in Sudan.

Earlier this month Mr Sadeq al-Mahdi, the Sudanese opposition leader and former prime minister, left Sudan to set up his headquarters in Asmara, the Eritrean capital.

Asked what his plans were, he said: "I want a united effort against the regime in Khartoum, with a minimum of bloodshed."

His flight from Khartoum is a coup for the National Democratic Alliance (NDA), the broad opposition coalition that has started attacking Sudan from Eritrean territory.

Eritrea, which says Sudan's Islamic government is trying to destabilise the region, supports the Sudanese rebels in their campaign against the government. Mr al-Mahdi had been living in Khartoum, sometimes in jail and sometimes under surveillance at home, since Lieutenant-General Omar Hassan al-Bashir overthrew

his democratically elected government in a military coup in 1989.

Asked at a press conference in Asmara if his departure meant he had dropped his reservations about the use of violence to overthrow the regime, he said: "I left a memorandum behind in Khartoum. It said I tried to be positive and that I wanted to give a peaceful settlement a chance. My future actions will be guided by their [the Sudanese government's] reaction to this memorandum."

In his address, Mr Issaias urged western aid donors to

change their relationship with Africa. "Transparency and full accountability under strict codes of conduct, with constitutional guarantees and checks and balances" were "vital" to the continent's development.

But donor policies had been characterised by "one-sided and heavy-handed dictation of policies, with micro-management of programmes and projects", he added.

"We firmly believe that this conventional perception of donor-recipient relationship must give way to real partnership," he said.

INTERNATIONAL NEWS DIGEST

US sees GDP grow by 2.1%

US gross domestic product grew at an annual rate of 2.1 per cent in the July to September quarter, the Commerce Department said yesterday, revising upwards an earlier estimate of growth of 2 per cent.

The figure still marked a sharp deceleration from the 4.7 per cent rate achieved in the second quarter, but was strong enough to suggest the economy remains on a stable growth path for 1996 as a whole.

Early indications from the fourth quarter suggest the more moderate pace of expansion has been maintained to the end of the year. Most estimates put the US long-term potential rate of growth at about 2.5 per cent. Overall growth this year is expected to be only slightly higher, at about 2.6 per cent. Decline in the rate of growth between the second and third quarters was accounted for by a slowdown in personal consumption expenditures, and downturns in government spending and residential investment, and in exports. Gerard Baker, Washington

Argentine bank finance deal

The Argentine central bank signed yesterday a \$6.1bn standby loan from 13 international banks, led by Chase Manhattan, to provide support for the financial system in case of a run on the banks. In another move to strengthen the banking system, it also announced plans to further raise bank liquidity requirements.

The central bank originally sought a \$3bn financing, but increased the sum after it received bids from banks totalling \$7.4bn.

The credit, with a maturity of between two and five years, is structured as a repurchase facility with Argentine government securities held by the banking system being used as collateral if the standby loan was drawn. Stephen Fidler, Latin America Editor

Italy engineering talks stall

Negotiations for a renewal of a two-year contract for 1.6m workers in Italy's engineering industries have reached stalemate. Engineering unions observed a two-hour stoppage yesterday to protest at the lack of progress in the latest round of talks held this week.

The talks have been stalled for seven months and unions warned that without progress they would call a general strike. They have already staged two protests in an effort to recoup part of their earnings eroded by inflation since 1994 under the terms of a 1993 agreement with the government and employers. However, employers - especially those representing small and medium-sized companies - remain firm, arguing they cannot afford the unions' inflationary demands. Robert Graham, Rome

Cyberspace treaties endorsed

Two landmark international treaties extending copyright rules to cyberspace were successfully concluded yesterday after three weeks of difficult talks in Geneva. However, consideration of a third treaty intended to protect databases was postponed to next year.

The agreed pacts, endorsed by about 150 members of the World Intellectual Property Organisation, deal separately with authors' rights and with sound recordings and the rights of performers. They extend the same rights as now exist for hard copies of books, sound recordings or computer software to digital copies distributed on computer networks, including on-demand services.

The treaties are expected to give a big boost to the Internet by encouraging copyright holders to put their works on the network. Frances Williams, Geneva

Germans, Czechs in protocol

Czech and German foreign ministers yesterday approved the text of a declaration of mutual reconciliation expressing regret for crimes and excesses committed during and after the second world war that seeks to close a painful chapter in the two countries' relations.

At a ceremony in Prague, Mr Josef Zieleniec and Mr Klaus Kinkel signed a protocol approving the declaration, the product of sensitive and often tense diplomacy spanning two years. In it Germany apologises for the Nazi invasion and occupation of Czechoslovakia and the Czech Republic expresses regret for crimes committed during the post-war expulsion of 2.5m ethnic Germans from the Sudetenland. Vincent Boland, Prague

Poles name economy minister

In a move which looks set to slow the pace of disposals of state-owned assets, Poland's former privatisation minister, Mr Wieslaw Kaczmarek, is to be appointed to head the country's new economy ministry.

The ministry comes into being on January 1 and incorporates the present trade and industry ministry as well as foreign trade and the old central planning office. The planned appointment means that Mr Kaczmarek will leave his post as first deputy minister at the treasury, another new ministry formed as part of the changes which now heralds privatisation policy.

It had been hoped that Mr Kaczmarek would keep up the pace of disposals under Mr Miroslaw Pietrewicz, an official from the Polish Peasant party (PSL), who heads the treasury. Mr Pietrewicz's party rarely loses an opportunity to criticise sales of state companies and the minister himself is close to Mr Waldemar Pawlak, the head of the PSL, who has warned that foreign investors should not be allowed to play too great a role in the economy. Christopher Bobinski, Warsaw

Tajik rebels take hostages

Tajik guerrillas upset peace talks yesterday by taking 23 hostages, including seven United Nations officials. A gang of fighters named "Rivron Sadirov's Group", after a famous former rebel leader based in Afghanistan, detained the hostages in the foothills of the Pamir mountains on their return from a meeting with opposition warlords in southern Tajikistan.

Observers said that the UN officials had accompanied four Tajik government officials and four leaders of the opposition, who form a commission that is vital to efforts to bring peace to Tajikistan after four years of civil war. The Rivron Sadirov group is demanding that opposition fighters free the brother of Mr Sadirov, the rebel leader who changed sides last month to back the government. Sander Theenes, Almaty

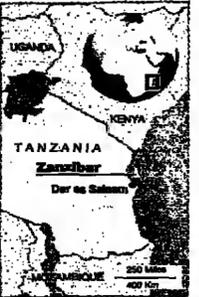
Zanzibar excesses give Tanzania a headache

Michela Wrong reports that the island partner has become an embarrassment and an expense

Former Tanzanian president Julina Nyerere, the man responsible for merging Zanzibar with the mainland of Tanganyika in 1964, once grew so exasperated by the islanders he said he would like to tow the archipelago 1,000 miles off the coast. Today, the Dar es Salaam government must share his feeling. A truculent partner at the best of times, Zanzibar has now become an embarrassment, defying protests from the mainland, an aid freeze by 17 donor countries and unrelenting pressure from the global lending institutions.

A row over human rights and tax revenue, just the latest in sour relations between Tanganyika and Zanzibar, has not only revived the spectre of the islands' eventual secession. It is presenting Tanzanian President Benjamin Mkapa with his greatest single challenge since winning last October's elections.

"If this government wants to show it means serious business, then it must settle the Zanzibar issue," says a diplomat. "Mkapa's survival may depend on it."



most part, people from the clove-producing island of Pemba, almost solidly pro-CUF. On the outskirts of Zanzibar town lies the rubble of 400 Pemba homes, bulldozed on the pretext they were built without permission. Pemba civil servants have been sacked and Pemba merchants on the main island of Unguja say they have been put out of business by artificially high customs charges. On Pemba itself, villages have been torched by security forces and inhabitants beaten. Opposition meetings have been broken up and supporters arrested for watching videos of Mr Sufi Sharif Hamad, the CUF leader. Donor governments, who froze aid to Zanzibar early this year, cite the human rights abuses as a worry. But it is clear another issue hurts more: the so-called "Zanzibar loophole", whereby goods coming into Zanzibar port pay between 20 and 30 per cent lower duties than those shipped to Dar Es Salaam. Over the years, importers got into the habit of unloading containers in Dar Es

Salama but sending the paperwork to Zanzibar. Alternatively, goods unloaded in Zanzibar at the lower rates were quietly smuggled to the mainland aboard dhows.

The result has been millions of dollars in lost tax revenue and a flood of cheap electrical goods and textiles into the mainland that has helped to close distributors and undermine embryonic local manufacturers.

Closing the "Zanzibar loophole" is a key part of the mainland government's drive to regularise tax collection, the issue that led both bilateral donors and the International Monetary Fund to cut off aid in 1994.

A \$24m structural adjustment facility granted last month, marking a resumption of desperately needed IMF funding, stipulates that tariff systems on both sides of the waterway must be harmonised by the end of December. But that will demand the collaboration of the Zanzibar government, which has not so far distinguished itself by its readiness to yield on the issues close to the donors' hearts. "Things may be shifting now, but until recently the

Zanzibar government has been very resistant to change," says a diplomat. "They tend to be arrogant, not responsive at all."

Continuing defiance from Zanzibar would risk seriously embarrassing President Mkapa, who has to increase tax revenues if his country is to continue qualifying for IMF help and the bilateral funding that follows in its wake.

While the standoff continues, ordinary Zanzibaris are paying a high price. Aid projects covering education, health, roads and water supplies have been frozen.

"There's no money in town," says Mr Wolfgang Douardo, deputy chief justice. "The government is scraping the bottom of the barrel to pay civil servants. Crime is on the rise. Everyone is complaining." Last year's hopes of an economic revival have faded. Although tourism is booming, plans to attract foreign investment with a free port and export processing zone are stalled for want of mainland approval. Local houses lie unfinished, building work halted.

NEWS: UK

Report casts doubt on bid by Générale des Eaux and Saur for Mid Kent Holdings

Water regulator rebukes French groups

By Leyla Boulton, Environment Correspondent

Ofwat, the water industry regulator, yesterday criticised French-owned water companies in the UK for failing to trade at arm's length with associate companies.

is due to decide whether to allow the French companies to make a joint bid for Mid Kent in a few weeks. Saur and Générale are citing environmental benefits for their proposal to split water-rich Mid Kent between the companies they each own on either side of it: South East Water, and Folkestone & Dover.

smaller merger last week. Ofwat's report is particularly critical of Saur's relationship with South East Water and Mid-Southern, the two water-only companies that Saur already owns in the UK.

businesses within the same group. Mr Ray Tennant, managing director of Saur Water Services UK, said Saur had hoped Ofwat would revise its definition of associated companies so as not to include all the companies in the French group, but only those in Saur UK.

water-only companies last spring, Ofwat found all the companies had violated at least some of the guidelines. These range from requiring associate companies to charge each other fair market prices for services rendered to documenting potential conflicts of interest where there are cross-directorships.

Both companies owned by Saur had been found in breach of nine of the 11 guidelines. All four companies owned by Générale des Eaux, France's biggest water-based conglomerate, violated six of the guidelines. The two water-only companies owned by Lyonnaise des Eaux, France's second largest water conglomerate, emerged with the fewest number of violations.

Duke's gun remarks hit the wrong target

In spite of latest lapse by Queen's husband, the royal family is likely to retain support

The Duke of Edinburgh's remarks in a BBC radio interview, that members of shooting clubs were no more dangerous than members of golf or squash clubs, were aimed at the government's plans to restrict private ownership of handguns in the wake of the Dunblane massacre.

Oban in the Scottish Highlands last year, the Duke caused offence by asking a driving instructor: "How do you keep the locals off the booze long enough to get them through the test?"

as weapons that the duke had made earlier in the interview. "On reflection, not a wise analogy," said Mr Blair.



Much of the monarch's role is ceremonial rather than political: the Queen, followed by the duke, arrives at the sovereign's entrance for the state opening of Parliament

But the comments by the duke, husband of Queen Elizabeth, also reminded the public of earlier lapses in diplomacy. In 1981, as British unemployment accelerated, Prince Philip said: "A few years ago everybody was saying we must have more leisure. People can't seem to make up their minds what they want."

Both Labour and the Liberal Democrats, the biggest opposition parties, have flirted with radical ideas about abolishing the monarchy. But, while both parties are eager to be seen as modernisers, they have made the pragmatic judgment that there are few votes in appearing to be anti-royal.

Both would like to see some clarification of the head of state's constitutional power to appoint the prime minister - chiefly to tidy up the rules for choosing the prime minister where there is no clear majority after an election.

to parliament. Labour and the Liberal Democrats see the ending of the prerogative as part of a broader and desirable shift of power away from the government and towards parliament.

now view them as "highly respected", says Mori, down from almost 60 per cent in 1990. But the monarchy has staying power - almost four-fifths of voters think it will still be around in 2005.

EU fish deal may help PM to survive

By John Kemptner, Chief Political Correspondent

The fishing deal struck by ministers in Brussels was welcomed yesterday by MPs in the Ulster Unionist party, the largest pro-British party in Northern Ireland.

which a general election must be held. Although they have denied doing deals with unionists on the peace process or other aspects of Northern Ireland politics, the Conservatives acknowledge that one of their main aims in negotiations over quotas was to protect jobs in the region.

Mr Tony Baldry, the UK fisheries minister, said yesterday he had secured the best deal he could for British fishermen, forcing concessions on proposed cuts in quotas during all-night talks with EU fisheries ministers in Brussels.

the short term but would eat into future earnings. Mr Baldry said he had invoked the Hague Preference, a deal negotiated in 1976 under which Britain and the Republic of Ireland can ask for special dispensations, on a number of stocks.

Mr Baldry said the UK's total quota in cod equivalent terms for the most important stocks was 23,000 tonnes higher than the level originally sought by the European Commission and was only half a percentage point below the 1996 amount.

The reaction from the unionists raised the Conservative government's confidence that it can hold on to its previous position in parliament until next May, which is the latest time at

Mr William Ross, the agriculture and fisheries spokesman for the Ulster Unionists, said: "It seems from first reports that Northern Ireland has come out of it as well as can be expected."

Fishermen's leaders said they were relieved by the deal. However, Professor Alasdair McIntyre of Aberdeen University in Scotland, a scientist concerned about declining fish stocks, called the deal "a Pyrrhic victory" which might help fishermen in

meeting. "This result highlights, once again, the merits of careful background work, as opposed to threats to bring down the government or rattling their cage if they don't get all that we want," he said.

ry's description of the deal as a triumph is clearly unjustified," he said. Mr Robin Teverson, fishing spokesman in the European parliament for the centrist Liberal Democrat party, said Lady Thatcher, the former Conservative prime minister, had given away British fish stocks in 1983 "on a silver plate".

Table with 4 columns: Year, Total, and two sub-columns for 'Total' and 'Net'. Rows range from 1970 to 2000.

The Ulster Unionists abstained in last Monday's crucial vote in the House of Commons on European Union Fisheries policy, helping the government to secure a narrow victory. The party's nine MPs made their decision after talks with Mr Tony Baldry, the fisheries minister, who they said had given them more assurances than Mr Gavin Strang, the fisheries spokesman for the opposition Labour party.

Mr Ross said he had been in close contact with Mr Baldry before the Brussels meeting. "This result highlights, once again, the merits of careful background work, as opposed to threats to bring down the government or rattling their cage if they don't get all that we want," he said.

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Making Mazda at Ford was ultimate accolade

Manager recalls 30 years of political and economic change in motor industry

Mr Terry Belton stands by the assembly line at Ford's factory in Dagenham, east London, and runs his hand along a white Fiesta. "From Monday, I won't be here," he says. "After nearly 33 years that's hard to imagine."

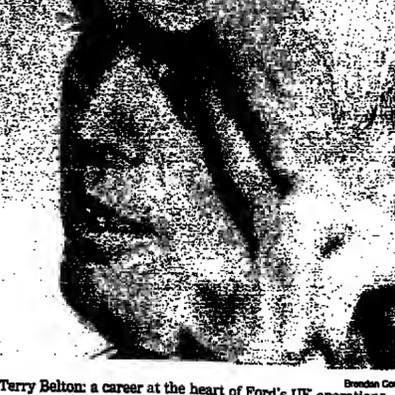
Standing in the press shop, where body parts are stamped out of sheet metal, he points to a line of six German-made Schneller machines and says: "This is it. The best press line in Europe." At the final assembly line, Mr Belton touches the computerised label on a white Fiesta: "Tells you everything. What's in it. Where it's going. This one's going to Germany."

He has seen the Dagenham workforce fall from 29,000 in the late 1960s to 7,500 today. Meanwhile, old German-made Schneller machines and shopfloor have faded to be replaced by co-operation. "It used to be so confrontational here in the late 60s and early 70s. It's now totally different."

Operations have been streamlined, partly through transferring work to other UK sites, such as the Bridgend engine plant in south Wales, partly through increasing the outsourcing of components, and partly through manpower cuts. Standing in the cavernous press shop, Mr Belton says: "Visitors go through the plant and ask: 'Where are

the workers?'" Much of the change has been concentrated in the past five years, when Mr Belton has run the body and assembly plant. The crucial decisions were taken in 1989-90, when Dagenham switched from producing cars for the UK only to becoming an export plant for the whole of Europe for the Fiesta model. Mr Belton had to convince Ford dealers from France and elsewhere that Dagenham was shedding its reputation for poor quality and was now making world-class cars. It took months of visits before he succeeded. "They went to every corner of the plant. They talked to whoever they wanted."

ton persuaded Dagenham's trade union representatives that there was no choice. The plant had to export or die. "They accepted that we had to be a global player." Output rose from 160,000 cars in 1989 to 250,000 this year. Quality increased 50 per cent, and stock levels, a key measure of efficiency, dropped from eight days' output to three.



Terry Belton: a career at the heart of Ford's UK operations

UK NEWS DIGEST

N Ireland alert over IRA threat

Northern Ireland police last night put the region on alert, warning that the Irish Republican Army was preparing to resume full-scale terrorism there. The police said they were "especially concerned that there is a threat facing the community".

Although the police force, the Royal Ulster Constabulary, has advised its members and British army units in Northern Ireland to be on guard, its warning was the first to the public and business community for many months. Police have made a series of recent discoveries including a mortar bomb near a north Belfast army base, a large amount of explosive close to a base in County Armagh and a car bomb outside their own headquarters in Londonderry.

But the warning did not prevent the traditional Christmas release of prisoners in Northern Ireland, and British government officials said a total of 408 prisoners from a total of 1,553 held in the region's jails will this year be released for at least seven days each on Monday. Inmates have to have served a minimum of 11 years or be under consideration for release. Those released will include members of the IRA and rival "loyalist" paramilitary organisations.

STOCK EXCHANGE

Director to return to private role

Mr Giles Vardey, a director of the London Stock Exchange who has led the introduction of reforms to share trading in the City of London, is to leave the exchange before the implementation of reforms in October. Mr Vardey, who started work in the City at Salomon Brothers, later became head of equities at Swiss Bank Corporation.

ECONOMIC INDICATORS

Incomes grow fastest since 1980s



The Office for National Statistics said yesterday that post-tax incomes grew 4.6 per cent in the year to the third quarter, the fastest annual growth rate since the boom days of the late 1980s. The ONS shaved down its estimate of overall economic growth in the third quarter - but only because growth in the second quarter had been more buoyant than initially thought.

Separate figures yesterday showed that Britain's balance of payments slipped back into the red during the third quarter of the year, as the strength of the pound contributed to a sharp fall in the value of net investment earnings. The current account was in deficit to the tune of £71m (\$118.5m) in the third quarter, the ONS said. But the statistics also more than halved their original estimate of the surplus recorded in the second quarter to £344m. Mr Kenneth Clarke, chief finance minister, hailed the figures as a sign that the British economy was entering 1997 in the best shape for a generation.

BROADCASTING

Regulator lifts digital TV hopes

Mr Don Cruickshank, director-general of Ofcom, the broadcasting regulator, has paved the way for UK viewers to access 200 channels including the existing BBC networks and special sports events from a box on top of their television sets by Christmas 1997.

The telecoms regulator appears to be constructing a compromise to ease the dispute between Mr Rupert Murdoch's British Sky Broadcasting and the BBC, the public service broadcasting organisation, over control of the set-top boxes. Mr Cruickshank aims to assuage the concerns of the BBC and other terrestrial television companies that BSkyB might abuse its power over the digital satellite system.

The regulator, who has been asked by the UK government to "intercept" regulations that became law this week, said: "My aim is a world in which broadcasters can compete whether or not they own the network."

BSkyB needs the broad adoption of digital satellite television to bring down the costs of manufacturing set-top boxes, minimising the subsidy it will have to pay to encourage subscribers.

SHIPPING

P&O-Nedlloyd merger cleared

The European Commission yesterday gave the unconditional go-ahead for the merger of the container shipping interests of P&O of the UK and Nedlloyd of the Netherlands. The two companies will each take 50 per cent in a newly established company, P&O Nedlloyd, which will operate a fleet of 112 container ships and employ 8,000 people. It will have a combined turnover of \$4bn and net assets of \$1.5bn. The new company is to come into being from January 1.

Handwritten text in Arabic script: "مكتبة الجليل"

CS Holding sells Watt stake for SFr1bn

By William Hall in Zurich

CS Holding, Switzerland's biggest bank, yesterday agreed to sell its stake in one of Switzerland's biggest electric utilities for SFr1bn (\$747m) to a Swiss-German consortium. The move will strengthen Switzerland's fragmented electricity industry.

The consortium, which will take over CS Holding's 44.9 per cent stake in Watt, will be 42.5 per cent owned

by Nordostschweizerische Kraftwerke (NOK), a state-owned Swiss utility, while Bayernwerk, an electric utility controlled by German conglomerate Vieg, will take 21.25 per cent. Badenwerk and Energieversorgung, two smaller German utilities, will each own 10.625 per cent.

Watt, which owns stakes in four Swiss utilities, is in the process of being split off from Elektrowatt, an industrial conglomerate. CS Hold-

ing is Elektrowatt's biggest shareholder.

The consortium has agreed to buy each CS Holding share for SFr268. It plans to make a similar offer for the other 55.1 per cent of Watt shares, which are being floated off to Elektrowatt's shareholders.

CS will retain a 15 per cent stake in the consortium to ensure that the Swiss partners have control of Watt. NOK plans to offer part of its stake to other Swiss utilities.

The sale of CS Holding's shares comes less than a month after Dabco Bank of Switzerland, its main rival, agreed to sell 20 per cent stakes in Motor Columbus, which controls Switzerland's biggest electrical utility, to Electricité de France and RWE Energie of Germany for SFr926m. Dabco will retain a 35.6 per cent stake.

Before this move there had been speculation that the two banks would combine their two stakes to create

the equivalent of Swiss Electricity AG.

Switzerland's electricity industry is important because of the country's central location and abundant supplies of hydro-electric power. As Europe's electricity industry is deregulated there will be an increasing trade in electricity and Switzerland is emerging as one of the key trading centres.

CS Holding is under considerable pressure to cash in the profits on its Elektrowatt

stake to cover its own substantial restructuring costs.

Yesterday's announcement increases the likelihood that control of the rest of Elektrowatt, which is one of the world's biggest system control businesses, will also be sold to a trade buyer. Siemens, ABB and Stabe of the UK, have all been rumoured to be interested. Mr Simon Marshall-Lockyer, of NatWest Markets in Zurich, said he reckoned that Watt was worth SFr2.5bn.

INTERNATIONAL NEWS DIGEST

Fed loosens bank profit restrictions

The Federal Reserve Board yesterday confirmed that it would allow the banks it regulates to increase the proportion of profits they draw from securities subsidiaries from 10 to 25 per cent. This move, effective on March 6, is one of the most significant steps yet taken by federal regulators to reduce the restrictions on banks' activities in insurance and securities placed by the Glass-Steagall Act of 1933. It increases the chances that Congress will make a renewed attempt to pass more wide-ranging reforms in its next session.

Last month Mr Eugene Ludwig, the comptroller of the currency, who is responsible for the banks not regulated by the Federal Reserve, announced that he would allow banks to set up arm's-length subsidiaries for non-banking activities, in another significant extension of banks' powers. The Fed's plan is to issue with proposals it announced earlier this year. It has allowed commercial banks to set up subsidiaries for activities such as underwriting securities and bond dealing since 1987, and about 40 banks have taken advantage of the option. Several members of the Fed board said they hoped Congress would now repeal the entire Glass-Steagall Act.

Swedbank in Estonian acquisition

Swedbank, the Swedish commercial bank, has acquired a 12.5 per cent stake in Hoiupank, Estonia's second-largest bank. The shares were purchased from Hansapank, Estonia's largest bank and one of Hoiupank's main owners. Swedbank, which paid close to SFr75m (\$11m) for the stake, becomes the third biggest shareholder in Hoiupank. It said the move, the first direct investment by a Swedish bank in an Estonian bank, was an extension of its Nordic strategy.

Go-ahead for Telefonica privatisation

Spain's government yesterday authorised the full privatisation of Telefonica, the national telecoms company in which the state holds a 21 per cent stake. The sale, which is expected to realise Ptas465bn (\$3,565m), will be completed through a global offering in mid-February. Telefonica's disposal will be the first of several in 1997 by European operators including those of France Télécom and Italy's Stet.

The expected sale to Telefonica by the government of the 23 per cent stake it does not own in Tisa, the group's international subsidiary, was held off until the new year. Officials said this sale would take place before Telefonica's offering.

Hachette in Polish media buy

In a deal equivalent to a total of \$128m, Hachette Distribution Services (HDS), together with two Polish partners, is to take 75 per cent of the Ruch press distribution company which the Warsaw government is privatising.

With its Polish partners, HDS, which is a division of France's Lagardère group, is to pay \$33m for Ruch, once Poland's national press distribution monopoly and still holder of 60 per cent share of the country's press market. At a cost of \$95m, the HDS-led consortium will take a 40 per cent of Ruch immediately with an option on another 35 per cent. HDS will itself eventually hold 51 per cent of the Polish company, and has committed itself to injecting another \$45m into the company.

MGAM to pay investors £200m over Young affair

By John Gapper, Banking Editor

Morgan Grenfell Asset Management yesterday promised 100,000 investors in three investment funds manipulated by Mr Peter Young, its rogue fund manager, compensation totalling about £200m (\$300m) for the losses they suffered.

The payments, which are unprecedented in the UK unit trust industry, are likely to make up two-thirds of total losses of £300m suffered

by MGAM and its parent bank Deutsche Bank in clearing up the aftermath of the Young affair.

The payments will go to more than 90 per cent of 107,000 investors in the funds, many of whom were attracted by what seemed to be Mr Young's talents as a unit trust manager in making his funds perform better than others.

In fact, Mr Young was falsely lifting the value of these funds by pouring cash into small technology companies around the world

through a web of Luxembourg holding companies. His deception was uncovered in September.

Deutsche Bank said that it would take a charge of £200m as an "extraordinary cost" in the 1996 financial year.

The compensation arrangement, agreed with the City's asset management regulator Inuro, will guarantee to all investors in the three funds a return on their investment equal to what they would have got in properly-run unit trusts.

Morgan Grenfell said that investors who put money in two of the funds, including the flagship European Growth Fund, at the start of August 1995 should have gained 17 per cent by this September, according to an index of other funds.

Instead, those in the Growth Fund gained only 2 per cent, as a result of a fall in the value of its assets at the beginning of this year. All investors who gained less than the index at any time in the period would be fully compensated.

Morgan Grenfell also said it would make sure that no-one in the three funds lost money, even if the comparable index went down during the relevant period. Investors are to be paid by April, and will be contacted individually by MGAM.

Mr Robert Smith, chief executive of MGAM, said he believed the firm had demonstrated good faith. "We feel an obligation to put [these matters] right in full," he said. See guide for individual investors, Weekend Money

Broken Hill Proprietary at top of forecasts

By Nikki Tait and Bethan Hutton in Sydney

Broken Hill Proprietary, the Australian resources group, announced an after-tax profit of A\$790m (US\$527m) for the half-year to the end of November, at the upper end of analysts' forecasts.

The result is 9.8 per cent down on the A\$76m produced in the first half of 1995-96. It also benefited from an A\$107m after-tax abnormal profit, after the settlement of the petroleum state issue with the Victorian state government.

Excluding abnormal after-tax profits were 15.8 per cent lower at A\$683m, and earnings per share down 17.4 per cent at 41.9 cents.

The company's shares, which had been climbing ahead of the results, rose 43 cents to A\$17.48.

The improvement in the second quarter was owed largely to the strong perfor-

mance of the petroleum division, which made an operating profit of A\$442m in the first half, including the abnormal gain - more than double the A\$198m of a year ago.

Apart from the tax settlement, BHP said the division had benefited from higher oil prices, partly offset by increased exploration expenditure.

The minerals division also saw a modest 3.1 per cent profit improvement to A\$230m, mostly because of higher coal and iron ore prices and increased iron ore shipments. However, the copper division - which takes in the recently-acquired Magma copper business in the US - made only A\$217m, down from A\$386m.

Copper prices were depressed for much of the period in the wake of the Sumitomo scandal, and BHP also said results from North America had been lower than expected, although cost-cutting had led to a

profit turnaround of A\$37m for North America. Mr John Prescott, managing director, said the company was aiming to cut copper production costs further.

The steel division posted a 39 per cent fall in profits to A\$180m, owing to rising labour and raw material costs and lower export prices.

BHP said prospects were "moderately encouraging". Steel prices were still "under pressure" and it expected minerals prices to remain at current levels, although copper prices were volatile.

Mr Prescott said the company was taking a conservative view in its copper hedging strategy. "We think that there will be some firming pressure in 1997," he said.

Oil prices had been higher than had been anticipated, and there was a chance of higher prices in the next year. Exploration expenditure across the group rose from A\$265m to A\$330m.



John Prescott: seeking more copper output cost cuts and expecting firmer prices in 1997

Comalco, the Australian aluminium producer which is 67 per cent owned by London-based RTZ-CRA, warned yesterday that it expected to make a loss in the second half of its financial year, ending on December 31. It

blamed the deficit mainly on lower metal prices and the strengthening Australian dollar, but also cited higher smelting costs - partly related to the upgrade of its New Zealand smelter - and the restructuring at its

Weipa bauxite mine. In the first half, Comalco made a profit after tax of A\$43.9m, down from A\$155.1m. It said the deficit in the second half would "partly offset" the first-half surplus.

Rivalry alters board at Lloyds TSB

By John Gapper, Banking Editor

Growing rivalry between banks and supermarkets as providers of financial services yesterday led to fall-out at the helm of Lloyds TSB, Britain's biggest bank, when two directors of retail companies agreed to leave its board.

Sir Richard Greenbury, chairman of Marks and Spencer, and Mr John Gildersleeve, a director of Tesco,

are thought to have been asked to leave the board of Lloyds TSB - the dominant retail financial services company in the UK as a result of mergers and takeovers - because of the expansion of both companies into banking services.

Tesco has already attracted about 150,000 customers to its Clubcard Plus scheme, which offers a current account paying 5 per cent interest, while Marks and Spencer now sells per-

sonal pension and savings plans. Lloyds TSB announced after its monthly board meeting that the two non-executive directors would leave its board at the bank's annual meeting in April. It said they had "decided it would be appropriate" for them to do so.

Although Sir Richard has been a member of the Lloyds Bank board since 1992, and Mr Gildersleeve has been a director of TSB Group's

board for two years, conflicts of interest have become more pronounced in the past few months.

In that time, Tesco has set up Clubcard Plus scheme with National Westminster Bank, while other retailers, such as J.Sainsbury and Safeway, have also expanded into banking with schemes based around shopping loyalty cards.

Other banks may also be forced to re-consider non-executive directorships.

Falling further out of fashion

It has not been a good week for Britain's textiles sector. On Tuesday, difficult trading conditions prompted Coats Viyella, the UK's largest textiles group, to warn of a flat second half, while Sherwood, a supplier of underwear to the UK's leading high street stores, issued its second profits warning in six months.

Responding to the warnings, shares in Courtaulds Textiles hit their lowest level for more than six years on Tuesday.

Yesterday, the unhappy news continued as Claremont Garments, the clothing supplier to Marks and Spencer, said exceptional charges would be £1m higher than originally envisioned, and Christmas sales were not up to its "best expectations".

SR Gent, another M&S supplier, reported higher than expected losses for the year to June 30, and said it was in talks which could lead to a takeover bid.

"This is not a very fashionable sector to be in at the moment," said Mr Peter Wiesand, chairman and chief

Motoko Rich on a bad week for the UK's textile industry

executive of Claremont.

In fact, conditions have been difficult in the textiles sector for some time. Over the past year, textile stocks have underperformed the FTSE All-Share by nearly 36 per cent, and profits warnings and broker downgrades have become common.

"Suppliers to M&S have come under particular pressure as they have found it difficult to raise selling prices," said one analyst.

But M&S argues that the reasons so many of its suppliers have suffered during the year has more to do with their non-M&S business. "We have good relationships with our suppliers and we are not putting margin pressure on them," M&S said.

Nevertheless, nearly all the listed M&S suppliers have suffered during 1996. When Claremont unveiled plans to close its Glasgow

factory and cut a net 500 jobs, it cited margin pressures, which halved its interim profits to £2.7m. Analysts are now forecasting full-year profits of £1.1m (£12.9m).

Earlier this month, Stirling Group reported a 29 per cent fall in first-half pre-tax profits, while both William Baird and Courtaulds Textiles have announced hefty restructuring programmes this year.

To be fair, not every problem in the textile sector is related to M&S business. Sherwood, Coats and Courtaulds have strong exposures to the weak continental European market, and Coats was also hit by problems in Brazil and Turkey, by the strength of sterling, and by a downturn in its precision engineering business. Part of Baird's restructuring plans are to refocus on supplying clothes to M&S, which the retailer says is an indication

textile companies prefer its business.

One M&S supplier which has managed to remain relatively healthy is Dewhirst. The group raised its interim pre-tax profits 10 per cent to £11.1m and is forecast to raise full-year profits to £25.8m (£22.3m). Analysts suggested Dewhirst benefited from strong management, a robust balance sheet, heavy capital investment and the early introduction of "crease-proof" cotton, which can command a premium price. Dewhirst is an exception to the trend, however, and repeated barterings have made investors wary of the industry.

"We have had such a round of downgrades throughout the last two years that no one is going to put any faith in the profit forecasts until we have some firm evidence that margins are improving and that trading is reasonable," said Ms Joan O'Dier, analyst at NatWest Markets. "The only way that the sector is going to turn around is when we get some good news."

RESULTS

Company	Turnover (£m)	Pre-tax profit (£m)		EPS (p)	Current dividend (p)	Date of payment	Dividends corresponding dividend	Total for year	Total for year
		1996	1995						
Castle Mill Int	1.08	(1.01)	0.277	(0.292)	1.31	(1.95)	-	-	-
Farrington	0.944	(0.423)	0.107	(0.101)	0.36	(0.42)	-	-	-
Formanster	10.8	(11.6)	0.789	(0.512)	4.07	(2.56)	1.22	Feb 17	1.17
Gent (SR)	154	(132.4)	11.134	(6.31)	28.5	(11)	-	-	2.5
Highway Texts	67.4	(82.8)	2.17	(3.14)	32.5	(61.3)	18	Mar 5	18
Lawson's Textiles	20.2	(18.4)	2.86	(2.65)	11.1	(10.5)	2.9	Apr 30	2.5
Marks & Spencer	22.1	(15.6)	4.75	(2.45)	0.80	(6)	2	Feb 4	1.65
SR Gent	39.7	(85.3)	18.34	(11.84)	20.72	(14.32)	nil	nil	nil
Tesco	0.221	(0.182)	0.124	(0.122)	0.04	(0.04)	-	-	-

Investment Trusts	NAV (p)	After-tax earnings (p)		EPS (p)	Current dividend (p)	Date of payment	Corresponding dividend	Total for year	Total for year
		1996	1995						
Abnott A&S	13.55	(12.85)	0.12	(0.015)	2.92	(0.37)	-	-	-
Abnott Prof't Inv	78.53	(88.94)	1.72	(1.72)	1.94	(0.05)	3.25	Jan 31	3.25
Electric & General	277.04	(243.28)	1.78	(1.68)	9.08	(1.83)	1.8	Feb 3	1.7

Carriage shown basic. Dividends shown net. Figures in brackets are for corresponding period. *After exceptional charge. †On increased capital. ‡Nil stock. §Firm currency. S&S currency. *Comparatives restated. †Second interim, making 6.5p to date.

OFFER BY
BARING BROTHERS INTERNATIONAL LIMITED
 and
N M ROTHSCHILD & SONS LIMITED
 on behalf of
FKI plc
 for the whole of the share capital of
NEWMAN TONKS GROUP PLC

Baring Brothers International Limited and N M Rothschild & Sons Limited (the "Sponsors") announce on behalf of FKI plc ("FKI") that, by means of a formal offer document dated 20th December 1996 (the "Offer Document"), the Sponsors have made a share and cash offer (the "Offer") on behalf of FKI to acquire all the ordinary shares of 25p each ("Newman Tonks Shares") in Newman Tonks Group PLC ("Newman Tonks"). Terms defined in the Offer Document have the same meanings in this advertisement.

The Offer values the whole of the fully diluted ordinary share capital of Newman Tonks at approximately £196.5 million. The Offer will be funded by FKI from its own resources.

The Offer is on the following basis:

for each Newman Tonks Share	0.625 FKI Shares and 25p in cash
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The aggregate number of New FKI Shares available under the Offer is limited to 81,533,466 shares. Fractions of New FKI Shares will not be allotted or issued to persons accepting the Offer.

Newman Tonks Shareholders (other than certain overseas shareholders) who validly accept the Offer may elect to receive cash instead of the shares and cash to which they would otherwise have become entitled under the basic terms of the Offer (the "Cash Alternative") on the following basis:

for each Newman Tonks Share	140p in cash
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The cash payable under the Cash Alternative will be provided by FKI partly from its own resources and partly from the proceeds of the Rights Issue.

Application has been made to the London Stock Exchange for the New FKI Shares to be issued pursuant to the Offer to be admitted to the Official List. It is expected that dealings in such New FKI Shares will commence on the business day following which the Offer becomes or is declared unconditional in all respects. Dealings will be for normal settlement. Pending the issue of definitive share certificates for New FKI Shares, transfers will be certified against the Register.

The New FKI Shares to be issued under the Offer will be issued credited as fully paid and will rank *pari passu* in all respects with the existing FKI Shares, including the right to FKI's final dividend for the year ending 31st March 1997 save that they will not be entitled to participate in the Rights Issue.

The full terms and conditions of the Offer are set out in the Offer Document and in the related Form of Acceptance. Accepting Newman Tonks Shareholders may only rely upon the Offer Document and Form of Acceptance for all the terms and conditions of the Offer. The full terms and conditions of the Rights Issue are set out in Listing Particulars dated 20th December 1996 ("Listing Particulars"). Copies of the Offer Document and Form of Acceptance and the Listing Particulars are available for collection during normal business hours from Northern Registrars Limited, Northern House, Penitence Road, Fenay Bridge, Huddersfield, West Yorkshire HD8 0LA or from Baring's, 60 London Wall, London EC2M 5TQ or from Rothschild's, New Court, St Swithin's Lane, London EC4P 4DU.

Acceptances of the Offer should be received by no later than 3pm on 16th January 1997 for such later time(s) and/or date(s) as FKI may, subject to the City Code on Takeovers and Mergers, decide.

The Offer is made by means of the Offer Document and is made to all Newman Tonks Shareholders, including those to whom the Offer Document is not being despatched.

The Offer is not being made, directly or indirectly, in or into the United States, Canada, Australia or Japan, or to any North American Person or resident of Australia or Japan, or by use of the mails of, or by any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of inter-state or foreign commerce of, or any facility of a national securities exchange of, the United States, Canada, Australia or Japan. Accordingly, copies of the Offer Document, the related Form of Acceptance and any other related offering documents are not being, and must not be mailed or otherwise distributed or sent in, into or from the United States, Canada, Australia or Japan, including to Newman Tonks Shareholders or participants in the Newman Tonks Share Option Schemes with registered addresses in the United States, Canada, Australia or Japan or to persons whom FKI knows, or has reason to believe, to be custodians, trustees or nominees holding Newman Tonks Shares for persons with addresses in the United States, Canada, Australia or Japan. Persons receiving such documents (including, without limitation, custodians, nominees and trustees) must not distribute, send or mail them in, into or from the United States, Canada, Australia or Japan, or to any North American Person or resident of Australia or Japan, use the United States, Canadian, Australian or Japanese mails or any such means or instrumentality for any purpose, directly or indirectly, in connection with the Offer, and so doing will invalidate any related purported acceptance of the Offer. Persons wishing to accept the Offer must not use the United States, Canadian, Australian or Japanese mails or any such means or instrumentality for any purpose, directly or indirectly, relating to acceptance of the Offer. Envelopes containing Forms of Acceptance should not be postmarked in the United States, Canada, Australia or Japan or otherwise despatched from those jurisdictions and all shareholders wishing to accept the Offer must provide addresses outside the United States, Canada, Australia or Japan for the receipt of the consideration to which they are entitled under the Offer or for the return of Forms of Acceptance, Newman Tonks share certificates and/or other documents of title.

The New FKI Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or under the securities laws of any jurisdiction of the United States. The relevant clearances have not been and will not be obtained from the securities commission of any province of Canada, no prospectus has been or will be lodged with, or registered by, the Australian Securities Commission and the New FKI Shares have not been and will not be registered under the securities laws of Japan. The New FKI Shares may not therefore (subject to certain exceptions) be offered, sold, resold or delivered, directly or indirectly, in or into the United States, Canada, Australia or Japan or to, or for the account or benefit of, a North American Person, or a person in, or resident in, Australia or Japan.

The advertisement is issued on behalf of FKI by the Sponsors, each of which is regulated by The Securities and Futures Authority Limited.

The Sponsors are acting for FKI in connection with the Offer and the Rights Issue and no one else and will not be responsible to anyone other than FKI for providing the protections afforded to their customers or for providing advice in relation to the Offer and the Rights Issue.

The Directors of FKI accept responsibility for the information contained in this advertisement and to the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this advertisement is in accordance with the facts and does not contain anything likely to affect the import of such information.

21st December 1996

COMPANIES AND FINANCE: UK

Amec sets up Spie link with £23m deal

By Andrew Taylor, Construction Correspondent

Amec, one of the UK's biggest construction groups, is to pay £20m-£23m for up to 48.6 per cent of Spie Batignolles...

chase between 40 per cent and 48.6 per cent, depending upon the take-up by Spie employees. In addition Spie will pay Schneider FF1650m (£75m) to buy the 50 per cent stake of Spie Trendel...

Mr Peter Mason, Amec chief executive, said the British group had been in danger of being left behind in the consolidation of the European construction market...



Constructing alliances: Sir Alan Cockshaw (left), Amec chairman, with Peter Mason

of £4.5bn with about a third of sales in the UK and France, with the remainder in other international markets.

Spie was forecasting post-tax profits of about FF110m next year, which would add about £4m-£5m to Amec's pre-tax profits and increase

the British group's earnings per share by about a quarter, said Mr Mason. Amec's shares yesterday rose 1p to 91 1/2p.

Some recovery in ECC trading

By David Blackwell

Shares in English China Clays rose yesterday after the speciality chemicals and minerals group spoke of "some improvements in trading conditions".

operations from mining right through to product. It involves improved purchasing, better logistics, lower administration costs and lower research and development costs without losing any effectiveness.

Littlewoods set to win Freemans

By Peggy Hollinger

Littlewoods could be set to win Freemans, the mail-order business put up for sale by Sears earlier this year, with an offer of about £360m.

Other bidders included N Brown, the French group Pinault Printemps, which owns Empire, and two other companies. GUS has been keen to make an offer, but is thought to have failed to make a firm bid before yesterday's closing date.

suggested that higher offers could still come in. The bidding process had already been delayed once to allow two new offers to be made. "I would be amazed if GUS lets it get away for £350m," said one analyst.

and the disposal of its shoe factories and a number of retail businesses, profits and market share have tumbled. Some analysts speculated that Sears was preparing BSC for sale in the next six months, given the introduction of new management and further operational changes since the restructuring.

EU blocks Anglo voting Lonrho stake

The European Commission has blocked Anglo American of South Africa from exercising the voting rights attached to its 28 per cent stake in Lonrho, the UK conglomerate.

petition commissioner, has warned that any attempt by Anglo to take control of Lonrho would be blocked as it would create a dominant position in the platinum and rhodium markets.

Higher cost savings from BP/Mobil

By Peter Marsh

British Petroleum and Mobil of the US said yesterday they would gain much higher cost savings than originally envisaged from the \$5bn (£2.9bn) merger of their European fuels and lubricants operations.

Farnell in \$300m disposal

By Christopher Price

Premier Farnell has sold its volume electronic components distribution business to Arrow of the US for \$300m (£180m).

leaving it free to concentrate on its catalogue components interests. Earlier this year, Farnell paid £1.9bn to buy Premier, the biggest catalogue components distributor in the US.

The company estimates the disposal will enhance shareholders' funds by generating a surplus above book value of about £70m. Analysts forecast that debts for the year to January 31 1998 would fall from £360m to £190m, while negative shareholders' funds of £3m would be transformed into positive funds of £105m.

Recommended Cash Offer by J.P. Morgan on behalf of Exceleer Health Care Group PLC

to acquire the whole of the issued share capital of Ashbourne PLC not already owned by the Sun Group. Morgan Guaranty Trust Company of New York ("J.P. Morgan") announces on behalf of Exceleer Health Care Group PLC ("Exceleer") that, by means of a formal offer document (the "Offer Document") dated and despatched on 21 December 1996, J.P. Morgan is making an offer (the "Offer") on behalf of Exceleer for all the issued and to be issued shares in Ashbourne PLC ("Ashbourne") not already owned by Sun HealthCare Group, Inc. ("Sun") and its subsidiaries and subsidiary undertakings (the "Sun Group") (the "Ashbourne Shares").

Burnfield retort to Fairey

By Tim Burt

Burnfield, the measuring instruments company fighting a hostile bid from Fairey Group, yesterday accused the specialist engineer of publishing "misleading" financial information about the company.

these rubbishy businesses right up to the time they sold them. "It raises questions about their management processes," Burnfield was yesterday thought to be preparing a circular to shareholders answering Fairey's criticism.

Fairey claimed and had promising international growth prospects. Burnfield's defence is also expected to concentrate on the recent growth of Malvern, its particle measurement division, where profits rose more than 28 per cent to £2.7m last year.

SR Gent still in bid talks

By Motoko Hsieh

SR Gent, the supplier of clothing to Marks and Spencer, yesterday said it was still in talks with "several parties" about a possible takeover of the company.

results had been delayed since September because of negotiations with bankers. The company said it had agreed heads of terms for new banking facilities.

pliers and others, while analysts said it was likely that overseas companies would be interested. Mr Wolff said the losses last year were higher than expected because of increased exceptional charges of £16m, relating to closure costs for Clothing Barn, the group's retail chain, obsolete stock and refinancing.

Claremont warns of higher charges

Higher restructuring charges caused Claremont Garments, the Marks and Spencer supplier, to warn of decreased second-half profits, writes Motoko Hsieh.

but the rise in exceptional charges from a forecast £8m to £7m, associated with a Glasgow factory closure and a move to cut overheads in the remaining sites, would hit the bottom line.

NEWS DIGEST

Williams makes Spanish buy

Williams Holdings yesterday announced a big expansion of its security product division by acquiring Tesa of Spain for £188m (£101m) cash. The industrial manufacturing group predicted that the purchase would lift annual sales in its security division - its smallest - by about a third to more than £300m.

Under the transaction, Williams has agreed to buy both the majority stake held by Tesa's family shareholders and a 33 per cent minority interest held by Newmann Tonks, Europe's largest architectural hardware group.

Ramco in Georgian deal

Shares in Ramco Energy rose 15 per cent yesterday after the oil services and development company announced an exploration agreement with the government of Georgia. The Aim-listed company also intends to issue 8.5m shares in the US to raise up to \$116m (\$68.8m) and to list on the US national securities exchange.

Gulf Canada hits out

Gulf Canada Resources, the oil and gas group, hit out at the directors of Clyde Petroleum, the UK oil independent, when it issued the offer document for its £432m hostile bid last night. Gulf reiterated its view that the 105p a share cash offer, launched on Wednesday, was a "full and fair" price.

Trio loss deepens to £18m

Trio Holdings, the money broker, saw pre-tax losses widen last year from £11.8m to £18.3m as it continued its rationalisation and reconstruction in the face of falling volumes. In the year to September 30 turnover fell to £39.7m (£39.3m) as Trio withdrew from broking of spot foreign exchange, through the sale of subsidiaries in Germany and Switzerland and the closure of all other spot broking desks in New York and south-east Asia.

Bullish outlook at Kelsey

Kelsey Industries yesterday reported a 30 per cent contraction in full-year profits - bearing out the profit warnings delivered during the year to September 30. The shares, however, improved 35p to 395p as Mr Brian Arbib, chairman, forecast "good progress" in the current year and described the long-term outlook as "encouraging".

Wainhomes compensation

Wainhomes has agreed to pay compensation of £225,000 to Mr Ron Smith, who was ousted as chief executive of the housebuilder last January, after he was said to have lost the board's confidence. Wainhomes said the compensation agreed with Mr Smith previously had been included as a liability in its accounts for the year to March 31 1996.

LEGAL NOTICES

HIGH COURT OF JUSTICE No. 000104 of 1996 CHANCERY DIVISION IN THE MATTER OF STRONG PREMIER HOLDINGS PLC and IN THE MATTER OF THE COMPANIES ACT 1985 NOTICE IS HEREBY given that a Petition was on 18th December 1996 presented to Her Majesty's High Court of Justice for (a) the sanctioning of a Scheme of Arrangement and (b) the confirmation of the Reduction of the Capital of the above-mentioned Company by (i) cancelling shares in accordance with the terms of the said Scheme of Arrangement and (ii) reducing the £25 per cent cumulative preference shares of £1 each and returning to the holders thereof capital to the extent of £55,000 which is in excess of the wants of the Company.

HIGH COURT OF JUSTICE No. 000223 of 1996 CHANCERY DIVISION IN THE MATTER OF CALOR GROUP PLC and IN THE MATTER OF THE COMPANIES ACT 1985 NOTICE IS HEREBY given that a petition was on the 6th December 1996 presented to Her Majesty's High Court of Justice for (a) the sanctioning of a Scheme of Arrangement and (b) the confirmation of the Reduction of the Capital of the above-mentioned Company by cancelling shares of the said Company in accordance with the terms of the said Scheme of Arrangement. AND NOTICE IS FURTHER given that the said Petition is directed to be heard before the Companies Court Judge at the Royal Courts of Justice, Strand, London WC2A 2LL on Monday 17th January 1997. Any creditor or shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said Reduction of Capital should appear at the said hearing in person or by Counsel for the purpose. A copy of the said Petition will be furnished to any such person requesting the same by the undersigned Solicitors on payment of the regulated charge for the same. DATED 18th December 1996. Slaughter and May 25, Abchurch Lane, London EC4N 3DF Tel: 0171 601 1200 Fax: 0171 601 1201

Handwritten Arabic text: مكتبة القرآن

Advertisement for 'Businesses for Sale' featuring a large image of a barrel and text: 'BUSINESSES FOR SALE' and 'Call 0171 601 1200'.

COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS

Crude oil price trend stronger

By Deborah Hargreaves and Ken Gooding

Crude oil prices saw a volatile week's trading, but the underlying trend was stronger after cold weather in the US and the expiry of the January futures contract on the New York Mercantile Exchange.

January futures prices in New York breached the \$26-a-barrel mark for the first time since October. But the rise was largely in response to traders covering short positions ahead of January expiry.

Previously, freezing weather in the US Midwest sent oil products and natural gas futures higher with more cold weather forecast for next week.

Analysts at Macquarie Equities pointed out much of copper that recently arrived in LME stocks was switched from New York's Comex warehouses, attracted by the LME's higher prices.

The tightness helped copper recover from a price weakness evident at the beginning of this week. Other metals were dragged up in sympathy.

But he said the oil market would regain its lustre in March at the onset of the key driving season in the US because of low gasoline stocks.

On the London Metal Exchange, aluminium prices were up 0.5% to \$1,150 a tonne, while copper was up 0.2% to \$1,850 a tonne.

BASE METALS

LONDON METAL EXCHANGE

Table with columns: Metal, Price, Change, High, Low, Vol. Includes Aluminium, Copper, Lead, Zinc, Tin.

PRECIOUS METALS continued

GOLD COMEX (100 Troy oz; \$/Troy oz)

Table with columns: Date, Price, Change, High, Low, Vol. Includes Gold, Silver, Platinum, Palladium.

ENERGY

CRUDE OIL NYMEX (1,000 barrels; \$/barrel)

Table with columns: Date, Price, Change, High, Low, Vol. Includes Crude Oil, Heating Oil, Natural Gas.

PRECIOUS METALS

LONDON BULLION MARKET

Table with columns: Metal, Price, Change, High, Low, Vol. Includes Gold, Silver, Platinum, Palladium.

GRAINS AND OIL SEEDS

WHEAT (1,000 bushels; \$/bushel)

Table with columns: Date, Price, Change, High, Low, Vol. Includes Wheat, Corn, Soybeans, Cotton.

SOFTS

COFFEE (100 lbs; \$/cwt)

Table with columns: Date, Price, Change, High, Low, Vol. Includes Coffee, Sugar, Cocoa.

MEAT AND LIVESTOCK

LIVE CATTLE COMEX (40,000 lbs; \$/cwt)

Table with columns: Date, Price, Change, High, Low, Vol. Includes Live Cattle, Hogs, Pigs.

WEEKLY PRICE CHANGES

Table showing weekly price changes for various commodities like Gold, Silver, Copper, Aluminium, etc.

WORLD BOND PRICES

Table showing world bond prices for various countries and maturities.

US INTEREST RATES

Table showing US interest rates for Treasury bills and bonds.

BOND FUTURES AND OPTIONS

Table showing bond futures and options prices for various maturities.

FTSE Actuarial Govt. Securities

Table showing FTSE Actuarial Government Securities prices.

UK Gilts Prices

Table showing UK Gilts prices for various maturities.

UK Indices

Table showing UK indices like FTSE 100, FTSE 250, etc.

MARKETS REPORT

By Lisa Bransten in New York and Sumer Iskander in London. US Treasury prices gave back some of Thursday's strong gains in early trading yesterday.

Near midday in New York, the benchmark 30-year Treasury was off 1/4 at 97 1/2 to 113.32. Its yield spread over bonds winning 2 basis points to 174 points.

Elsewhere, UK gilts showed a modest rise. Liffe's March long gilt future closed 1/4 higher at 109 1/2. Prices were supported by the release of data showing that GDP growth in the third quarter had reached 0.7 per cent.

MARKETS REPORT

With the US market setting the tone for the day, European bonds also had a positive session, although trading volumes were subdued.

Life's March future on 10-year BTPs settled at 128.60, down 0.12, then fell to a low of 128.45 in after-hours trading.

Traders attributed yesterday's slip to a round of profit-taking on the heels of Thursday's rally, which saw the long bond jump nearly 1 1/2 points and pushed its yield below 6.6 per cent for the first time in more than a week.

Table with columns: Country, Coupon, Maturity, Price, Change, High, Low, Vol. Includes Australia, Austria, Belgium, Canada, Denmark, France, Germany, Ireland, Italy, Japan, Netherlands, Portugal, Spain, Sweden, UK Gilts, US Treasury.

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Table with columns: Country, Coupon, Maturity, Price, Change, High, Low, Vol. Includes Australia, Austria, Belgium, Canada, Denmark, France, Germany, Ireland, Italy, Japan, Netherlands, Portugal, Spain, Sweden, UK Gilts, US Treasury.

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COMMENT & ANALYSIS

FINANCIAL TIMES
 Number One Southwark Bridge, London SE1 9HL
 Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
 Saturday December 21 1996

The ghost at Europe's feast

The Organisation for Economic Co-operation and Development wishes the world a moderately prosperous new year and an even better 1996.

The growth of national incomes will accelerate to 2.8 per cent on average in two years' time, it thinks, as Europe and Japan pick up the baton from the US. And inflation will scarcely stir from its slumbers. Bravo! The 427m workers of the developed world could unite in drinking to that, as they leave for the Christmas holiday. But there will be, alas, another 36m who cannot share the glad tidings: they have no job to take a holiday from.

The OECD's latest Economic Outlook has increased its forecast of total unemployment by 2m compared with its last estimate in June. The trend remains downwards, to be sure. But in the EU, plagued by weak growth, the unemployment rate is expected to fall by less than 1 percentage point from its peak in 1994 to 10.9 per cent by 1998. This represents 18m people on the dole. As a proportion of the workforce, it is five times the rate in the 1950s.

So, welcome as it is, a revival of Europe's economy will have a relatively small effect on the region's direst problem. Moreover, it is well to remember the good times in prospect will be much less bright than recoveries past. The OECD's latest forecasts suggest average annual growth for the EU and the US for most of the 1990s will be only 1.9 per cent (compared with 1.6 per cent in Japan).

It is too easy to compare this dreary performance with average growth in the 1960s and early 1970s - an average of 4.8 per cent in Europe, 4.3 per cent in the US and 3.4 per cent in Japan. In that go-go era, the rise of national income outstripped productivity growth and led to steep increases in commodity prices - and a quadrupling of oil prices. After the big inflation came the slow march of unemployment, still a dark shadow upon the prosperity of Europe.

Old question

However, the OECD also points up the comparison with the more sober 1970s and 1980s when economic growth in all the large economies was significantly faster than can be expected in this decade. Its analysis revives that old question: what more must be done to improve economic performance and to get people back into work?

The answer which economists

A year of living exuberantly

Philip Coggan looks at the reasons why global stock markets have been riding high and whether the surge can continue

World stock markets have been riding a wave of easy money, carrying national index after index to all-time highs in the past few months. The Dow Jones Industrial Average had its second biggest daily points rise on Thursday.

But is this a case of capitalism triumphant or of the "irrational exuberance" referred to by Mr Alan Greenspan, chairman of the US Federal Reserve at the start of the month?

The odd sign of irrational exuberance has been cropping up around the world. So many eager investors visited the Dhaka Stock Exchange in Bangladesh after a rapid rally this autumn that cracks appeared on the fourth and seventh floors and the building was closed to all but officials. A few weeks later police were forced to use tear gas to disperse demonstrators protesting about a decline in prices.

In China, the Shenzhen B index recorded a gain of 210 per cent after April 1, before plunging 10 per cent on Monday, as the People's Daily warned of a repeat of the Wall Street Crash of 1929.

Earlier this year the US stock market received unexpected popular exposure (at least to a male audience) when Playboy magazine ran a cover story on picking successful mutual funds.

A few Cassandras are warning that the current good times will come to an end. Mr Barton Biggs, director of global strategy at Morgan Stanley, the US investment bank, cut the holding of equities in his model portfolio by 15 percentage points this week and shifted funds into cash.

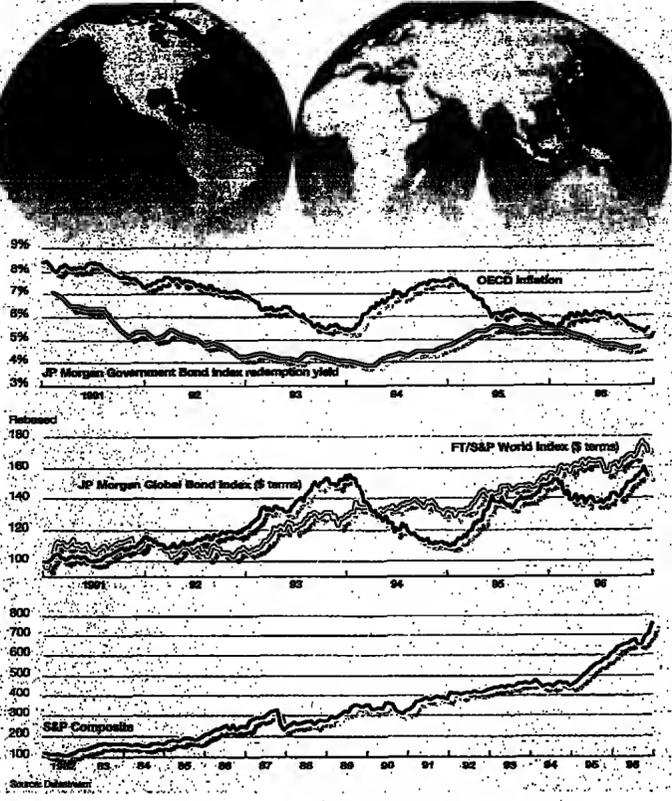
But there are sound economic reasons why stock markets have been riding high, notably the decline in inflation. Since the oil crisis of 1973-74 each successive inflationary surge has peaked at a lower level.

Economists offer varying reasons for this: greater central bank vigilance; labour market reforms which have bolstered returns on capital at the expense of labour; and the opening up of the global trade system, which has forced industrialised countries to face competition from the developing world. But the results are undeniable.

Inflation in the countries of the Organisation for Economic Co-operation and Development fell from 7.1 per cent in early 1991 to 3.9 per cent in March 1994, rose briefly back to 5.6 per cent in 1995 and then fell again to 4.7 per cent in October this year. In many OECD countries inflation is even lower. In the big Group of Seven (G7) countries it is 2.1 per cent, down from 5 per cent in 1990.

As inflation has subsided, so has the cost of money. Nominal three-month rates in the G7 countries have dipped from 9.2 per cent in 1990 to 4.4 per cent

Global markets: are the good times over?



Longer-term rates - bond yields - have also been falling. Global bond yields, as recorded by the J.P. Morgan Government Bond Index, have dropped from 8.5 per cent in January 1991 to 5.5 per cent (although there was a sharp blip upwards in 1994).

Lower interest rates and bond yields help companies by reducing their borrowing costs and help equity markets by reducing the competing returns from holding bonds and cash. Thus the FT S&P World Index has risen by 69.8 per cent in dollar terms since the start of 1991.

It is not just the past five years which have been good for shares and bonds. A longer-term bull market dates back to 1982, which has seen the Dow Jones Industrial Average rally from under 800 and US Treasury bond yields drop from more than 14 per cent. In 1982 magazine covers were speculating about the death of equity investment, after a long period of disappointing returns. Investors consequently priced shares at low multiples of corporate earnings. The historic price/earnings ratio on the S&P 500 in the US was under eight in 1982. It has climbed to over 20 today. At the same time, the p/e ratio on the FTSE Non-Financials Index in London has doubled from nine to 18.

Over the period, the corporate sector has been able to improve profits with the help of commodity prices which have fallen in real terms, new technology, and flexible labour markets. According to Lehman Brothers after-tax operating margins for the S&P industrial companies in the US have risen from under 4 per cent in 1982 to 5.9 per cent - although they remain well below their 1950s and 1960s peaks.

The main threat to the global bull market is the possibility of an end to the benign factors which have boosted prices - low inflation, low interest rates and bond yields, and rising corporate profits. Inflation could be rekindled by

and this has encouraged investors to look overseas for higher returns. In October Japanese investors bought ¥1,670bn (\$14.7bn) of overseas bonds - helping the US fund its trade and budget deficits.

But if rates and bond yields in Japan rise as its economy recovers, interest rates might have to increase in the rest of the world to reflect the smaller inflows from Japanese investors.

Deflation also poses dangers - because of the impact on corporate profits. The US has already enjoyed a long expansion by historical standards and a downturn is overdue. Japan may yet find it impossible to rebound from its slump and Europe may find that the costs of meeting the strict Maastricht criteria for monetary union prevent it from enjoying robust economic growth. But equities are priced on the assumption that earnings will continue to grow - something that worldwide recession might prevent.

Mr Albert Edwards, global strategist at Kleinwort Benson, the UK merchant banking arm of Dresdner Bank, says in the longer term investors "will come to understand that the risk is between inflation and deflation (falling prices), rather than betw. 'n inflation and disinflation (a falling inflation rate)".

In deflationary times equities tend to suffer in comparison with bonds, which have a fixed nominal value at which they will be repaid. The risk of deflation accordingly may persuade investors to sell equities and buy bonds - as in the 1930s. This will cause bond prices to rise and share prices to fall - sending their yields in the opposite direction.

Before the modern inflationary era, shares yielded more than bonds, to reflect the greater risk of dividend cuts. In the US, at present, bonds yield more than three times as much as shares.

In short, the long bull market has depended on a favourable set of economic and corporate circumstances. While those circumstances might continue next year, Murphy's Law suggests that something, somewhere will go wrong.

"Equity valuations are at sky-high levels," wrote Mr Barton Biggs this week, "and all the good news is already in prices. The cult of equities is too accepted. Reversion to the mean has not been repealed as a basic law of investment life."

"In 65 out of the 95 years in this century, stocks at some point declined at least 10 per cent from the previous year's high. My instinct is very strong that things have just been too good for too long."

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 3000. E-mail: letters@ft.com. Translated letters are also available on the FT web site, <http://www.ft.com>. Translation may be available for letters written in the main international languages.

Jobs shortage is Peru's real problem

From Mr Ricardo Dorich.
 Sir, Your editorial "Peru's problem" (December 18) fails to underline Peru's real problem: lack of job creation. President Alberto Fujimori has indeed tackled hyperinflation and "the economy has enjoyed growth". However, this growth is at the macro level only and has not been reflected in the creation of jobs. Peru is a country rich in natural resources and is now beginning seriously to capitalise on them. The signing of the Camisea gas exploration contract earlier this year, which opens the door to one of the largest gas reserves in the world, is an example. However, mining projects are capital intensive and do not create sufficient jobs such as in manufacturing industry. Peru has been quick to adopt the principles of free market forces by liberalising imports and introducing privatisations. While these are healthy foundations for a free market economy, they do not create jobs. This is exacerbated by population growth, which has one of the highest rates in the world. Mr Fujimori should now focus his attention on the creation of jobs in the private sector. As long as people are starving, terrorism cannot be abolished.

Ricardo Dorich,
 Hyde House, Hyde Lane,
 Long Sutton,
 Hampshire RG29 1SJ, UK

Magic of a buy-back

From Mr Ian Kennedy.
 Sir, What a pity that Lex ("UK buy-backs, December 12) continues to miss the real point about share buy-backs. In a share buy-back the directors are making an investment on behalf of the shareholders. The magic of an appropriately priced share buy-back is that it enables the directors to address the question of maintaining the appropriate capital structure in a business while making a very low-risk, earnings-enhancing investment on behalf of the shareholders.

The recent tax change has not altered this fundamental proposition - it has merely removed a tax subsidy from a group of investors who apparently no longer wish to continue as shareholders. This emphatically does not constitute a "waste of shareholders' money". Well done Severn Trent and Powergen.

Ian Kennedy,
 Baring Asset Management,
 155 Bishopsgate,
 London EC2M 2XY, UK

North-south divide in the UK not now so great

From Mr Peter Robinson.
 Sir, I was as surprised by Stefan Wagstyl's article on the north-south gap ("Nice work if you can get it," December 18) as I was by the European Commission report which appeared to spark the article.

The claim the north-south gap has been getting worse in Britain is just not true. In the mid-1990s regional unemployment rates were more even than at any time in the last 70 years. When measured in terms of disposable household income per head regional differences have also diminished in the last 10 years. And is the European Commission really claiming the UK has a more uneven pattern of regional development than, say, Italy?

To talk about the north-south gap in Britain is anyway an unhelpful simplification. If Mr Wagstyl had visited Harrogate or Macclesfield "up north" and then contrasted them with Clacton or even Brighton "down south" he would have realised that the pat-

terns of relative affluence and deprivation are far more complex than a focus on any north-south gap would suggest. It is the large conurbations and small industrial and resort towns in the north and the south which face the greatest economic problems.

Peter Robinson,
 Centre for Economic Performance,
 London School of Economics,
 Houghton Street,
 London WC2A 2AE, UK

Evidence suggests mystery of life is more than mere mythology

From Mr A.M. Sibley.
 Sir, Philip Crowe ("The myths that make Christmas," December 14/15), like many modern thinkers, casts doubt on the truth of the Christmas story. It is a shame there are still many people who want to reduce the mysteries of life to mere mythology.

There is strong evidence, however, that the Gospel stories were written while many of the central characters were alive. Mary and Jesus' brothers, James and Judas, as well as the Apostles were prominent in the early Jerusalem church and would have provided first-hand accounts of the events concerning Jesus' life. They were also willing to die for their authenticity.

And now what about modern myths? Is it really true that billions of US dollars are being spent in a vain search for life on Mars, and all because of a rock found in Antarctica? The scientific community does not as yet have a credible theory for the spontaneous creation of life on Earth, let alone Mars. Sir Fred Hoyle and Wickramasinghe estimated that the probability of such an event occurring as 1 in 10 to the power of 40,000, an unimaginable figure. Shouldn't we expect scientists to have a credible theory for such an event happening before spending such large amounts of money?

So was Jesus' birth a miracle? Yes, I believe it was, and it would seem that the existence, and the diversity and complexity, of life on Earth is itself a miracle, and a testimony to the power and wisdom of God.

A.M. Sibley,
 53 Hazelwood Drive,
 Verwood,
 Dorset BH31 6YG, UK

Handwritten signature: *كوكا*

e-mail to: Santa Claus
Subject: Gizmos and gadgets wish list

Dear Santa,
I hope you don't mind me sending you an e-mail wish list this year, but "small mail" to the north pole is so slow and expensive nowadays and you seem like a cool kind of guy.
By the way, perhaps you could send your way clear to including a new internet package in the Christmas stocking. I particularly like the UUNET Pipex Internet kit which includes a copy of the *Rough Guide to the Internet* as well as software for connecting to Pipex which, as you know, is one of Britain's biggest Internet service providers.
While we are on the subject of Internet access, could you possibly persuade British Telecom to cut the cost of a high-speed ISDN connection. I think BT's (3832) up-front and £55 a year in the UK is rather steep.
Then I will be able to swap my slow old modem communications device for one of those neat ISDN terminal adapters like the Motorola BitSurfer. Perhaps surfing the World Wide Web and downloading complex graphics will then be a little less like watching paint dry. An annual subscription to *Wired* would also be welcome - the magazine is essential for Internet enthusiasts.
Incidentally, I never thought I would see the day when modems became fashion items, but I see Psion Datacom has a guy in a wetsuit modelling its new

brightly coloured lozenge-shaped high speed modem, which also features personal voicemail.
Useful stocking fillers now the kids are growing up would be a couple of pagers - the ones that send real messages and not just numbers. Perhaps you could throw in a couple of those trendy "bungee" ropes to keep them firmly attached to suitable belts.
Another mobile phone would also come in handy - Motorola's Startac phone may be the smallest and lightest digital phone in the world, but still packs a bundle of cool features. But perhaps you might find in your workshop a spare Nokia 9000 Communicator which, as well as operating as a portable telephone virtually anywhere in the world, can send and receive e-mail and faxes and browse the Web.
While it lacks such sophisticated wireless communications facilities, Psion's Siemens pocket PC is also rather neat. With pocket PCs based on Microsoft Windows CE about to hit the shops, there is likely to be an explosion in software for handheld computers.
I suspect you will already be out of the US Robotics Pilot, the shirt-pocket sized personal digital assistant which includes an electronic diary, address book and note-pad - and can hook up directly to a desktop PC to back-up and share data. My friends in California tell me they are flying off the store shelves. Nevertheless, for working on the move, it is difficult to beat

Stocking up with wizardry



Electronic stocking-fillers: (left to right) the Pilot from US Robotics, Toshiba's Portégé 650CT sub-notebook, and Psion Datacom's modems

the old notebook PC. It would be good to find one of the new Pentium-based multimedia notebooks like Dell's Latitude XPICD under the tree, or Sharp's new WideNote widescreen machine, the PC-W100T.
If they are still too bulky to squeeze down the chimney, I hear both International Business Machines and Toshiba have launched snazzy new sub-notebook machines in Japan. Perhaps while you are there you could ask Nintendo when the Nintendo 64 games machine and Mario 64 game will be launched in Europe - I hear it is a hot item in Japan and North America.

Meanwhile, Nintendo's rejuvenated sleek and silver Pocket Gameboy would be a welcome gift. A Sony PlayStation, preferably with a copy of the Crash Bandicoot 3D game, would occupy the kids on Boxing Day.
But it looks like the video games makers could face some real competition in 1997 from the PC and CD-Rom software vendors. I read that Intel, the US chipmaker, is about to launch a new microprocessor called the Pentium MMX which will bring much faster and higher quality graphics, video and games to the PC and tie in with Microsoft's new Direct 3D software standard.

There may not be many 3D games around yet, but 3D technology looks really hot and I see Microsoft is launching nine titles this Christmas. Perhaps you had better add Microsoft's Monster Truck Madness, Deadly Tide and Hellbender to the list.
On CD-Roms, Red Alert from Virgin, FIFA 97, Tomb Raider and Formula One are all very popular. As an intellectual counterbalance perhaps you should throw in the latest version of Microsoft Encarta.
The hard disc on my home PC is already creaking under the weight of all the free software and graphics the kids have down-

loaded off the Net. So how about an Omega 1 gigabyte Jazz Drive - this takes removable 1gb cartridges offering a remedy for those irritating "disc full" messages.
On the subject of computer peripherals, the new low-cost colour inkjet printers from makers such as Epson, Cannon and Hewlett-Packard are worth a look. Ahead of the arrival of digital video discs which will enable me to play movies on my PC, a recordable CD-Rom drive could also come in handy for data storage and distribution.
This looks to be the year to get into digital photography and

imaging. Among the manufacturers to launch digital cameras for the consumer market are Casio and Kodak. The latter's DC20 and DC25 cameras are particularly neat and come with software which enables you to send photo e-mails and print calendars and greeting cards.
Kodak's new Photo Scanner would also come in useful for clearing out shoeboxes of old snaps and storing them on my hard disc. The even snazzier PaperPort Keyboard combines a keyboard and scanner unit with excellent software.
Outside the home a GPS (Global Positioning System) unit like the Magellan 2000 could come in handy when I get lost on the M25: one of those in-car Trafficmaster units might help me miss the jams.
Finally, I quite fancy one of those night-vision scopes which enable people to see in the dark. Perhaps you could use one too on Christmas Eve to avoid hold-ups in the increasingly congested skies.
All the best.

Paul Taylor

You can e-mail your Christmas list to Santa on the Net at <http://www.christmas.com> or <http://www.santaclaus.com>.
Other Santa-related Web sites include:
● The North Pole - <http://north.pole.org>
● Santa Claus' Home Page - <http://www.cadvision.com/north/pole/>
● Santa's Workshop <http://home1.gte.net/santa>
● Where is Santa Claus? - <http://www.learn.com/santa/>

There will be protests and paeon this afternoon outside the drab headquarters of the Xinhua news agency in Hong Kong. Demonstrators will march to the headquarters of China's de facto embassy to condemn Beijing's plans to scrap the territory's elected legislature and install its own body to be selected today.
"Without an elected legislature there will be no defence for the rule of law," says Mr Yeung Sum, vice-chairman of the Democratic party, the largest group in the Legislative Council.
But a few minutes away, in the shopping malls of Causeway Bay, much bigger crowds will be battling for bargains. Their spending should give an extra boost to retail sales, now reviving after the slump of 1994-95.
They will also be signalling business as usual as Hong Kong marks its last Christmas under the British flag.
The divergent messages reflect the mix of moods as the territory enters its final phase under British sovereignty. Most believe business will continue to buzz after the handover at midnight on June 30 1997. But few expect Hong Kong's political and social institutions to remain unchallenged.
For the moment, optimism appears to hold sway. "Most of the 6m people are confident," says Mr Tung Chee-hwa, shipping tycoon and chief executive designate.

Tale of two cities

Business confidence is strong ahead of Hong Kong's return to China but political concerns remain, says John Ridding

As the next governor, he has a vested interest in dispelling doubts. But, as he points out, the dire predictions of the 1980s that forecast exodus and capital flight have been left far behind. Emigration has slowed, the population is expanding steadily and Hong Kong dollar bank accounts continue to grow - both as a proportion of total deposits and in absolute terms.
"We have been through some shocks, like Tiananmen and the Sino-British disputes, and we have proved very resilient," says Mr Tsang Yok-sing, a headmaster and leader of the pro-British Democratic Alliance for the Betterment of Hong Kong.
Certainly there is little evidence of anxiety. When a crowd has gathered in recent weeks, it has been more likely to be eager flat-hunters than political demonstrators. This month, thousands flocked to King's Park Villa, an upmarket residential development on the Kowloon peninsula. Last weekend, around 50,000 people visited Sino Land's Dynasty View show flats in the New Territories, where 28 units were being offered at HK\$4,900 (\$633) a square foot.

The clamour, along with signs of speculation, has prompted the government to study measures to cool the resurgent residential market. For Mr Donald Tsang, the territory's financial secretary, the main concern is not how to support the economy through the transition, but how to prevent it from overheating.
Confidence seems similarly evident in the stock market, which has surged by about 30 per cent since January. Most market analysts predict this year's gain, one of the biggest in Asia, will be followed by a further rise ahead of the handover.
"Party time again," says Merrill Lynch, which believes the Hang Seng stock market index could rise well above 15,000, compared with 13,131 yesterday.
Businessmen are also optimistic. "Most companies have long been looking beyond 1997 to the opportunities on the mainland," says Mr Henry Tang, chairman of the Hong Kong Federation of Industries.
Jardine Matheson, one of the territory's oldest trading groups, is similarly upbeat. The company dismisses the idea that its prospects will be damaged by its colonial associations and its role in the 19th century opium trade which led to Britain's acquisition of Hong Kong.
"We can't rewrite our history. We have to look to the future," says Mr Alasdair Morrison, managing director. "We are absolutely confident we will be in as good a position to develop our business as anyone else."
He rejects concerns that Hong Kong's role as a regional business centre might be taken over by Singapore or Shanghai, citing the territory's rapid shift from a manufacturing to a service economy as evidence

and there is a lot more emphasis on trust, co-operation and patriotism."
The Reverend Chu Yiu-ming of the Chai Wan Baptist Church frets about religious freedoms, although Beijing's constitution for the territory decrees there will be no change. It has also promised to uphold freedom of procession and demonstration, though that has not prevented Mr Qian Qichen, China's foreign minister, from warning that no commemoration of the 1989 killings in Tiananmen Square will be allowed.
"There will be a giant leap backwards in social and political freedoms," says Ms Emily Lau, the independent legislator.
For her the mood at the moment is one of resignation and a realisation that the dias is cast. "Maybe some are under the illusion that everything will be alright," she says. "We are in for a nasty shock."
Ms Lau paints a starker picture than most. "People have been predicting the collapse of Hong Kong for a long time, but it hasn't happened," says a member of the Beijing-appointed committee overseeing the transition. He predicts strong support for the handover celebrations he is helping to organise.
"It will be unlike any event that Hong Kong has staged," he says. But unlike other parties, spirits are tempered by the prospect of the mornings after.

Rising price of fine words

When Andrew Wylie, the tough US literary agent, negotiated the deal for Martin Amis's last novel, a director of Jonathan Cape, the author's long-standing publisher, became so incensed that he stormed out of the room.
Cape's fury over Amis's "defection" to HarperCollins, which paid him a £460,000 (\$765,000) advance for one novel, *The Information*, and a book of short stories, is now forgotten. This week Amis agreed to return to his old publisher in a deal reportedly worth £1m for four new novels and the paperback rights to his old ones.
Mr Dan Franklin, Cape's editorial director, claims to be confident of breaking even on the deal. "Certainly not in one year, but maybe in five or 10," he says. His competitors claim Cape was so desperate to win back its star writer it was bullied into overpaying by Wylie.
If the Amis deal is analysed purely in terms of what the four novels will earn, it looks excessive. Recent bestsellers such as Sebastian Faulks' *Bridging the Gap* and Kate Atkinson's *Behind the Scenes in the Museum* have sold well, with 500,000 and 360,000 paperback copies respectively.
And Martin Amis is one of the best known names in literary fiction - not least because the gossip columns regularly feature details of his private life, such as his large dentistry bills and the discovery that he had a daughter by a former lover.
But Amis's previous bestseller is *London Fields*, which sold 40,000 copies in paperback in the UK. *The Information*, his most recent novel, fared less well, selling 30,000 paperbacks and 55,000 hardbacks.
Cape hopes it can revive sales by marketing Martin Amis's work more efficiently than HarperCollins. Yet even if the next four novels sell as well as *London Fields*, they are unlikely to justify a £1m deal.
However, signing an author of Amis's standing has an indirect commercial benefit for a publisher, by enhancing its reputation among consumers and booksellers.
"A high quality list helps, particularly with retailers," says Mr Tim Hely Hutchinson, chief executive of the Hodder Headline publishing group. "It makes them likelier to listen to what your reps have to say."
This explains why publishing is prone to periodic bouts of inflation in the advances paid to critically acclaimed authors. The success of Richard Ellmann's 1987 *Oscar Wilde* - which sold more than 100,000 copies in paperback - prompted publishers to pay generous advances for other literary biographies. Victoria Glendinning received £200,000 for her biography of Anthony Trollope and Michael Holroyde £225,000



for three volumes on George Bernard Shaw.
"Hope springs eternal in publishers' breasts," says Mr Hely Hutchinson. *Oscar Wilde* sold because of the sex and jokes, not because literary biographies were back in fashion. But publishers chose to think otherwise.
Literary novelists have also benefited from inflated advances. Last summer Salman Rushdie sold the world rights to his forthcoming novel, *The Ground Beneath Her Feet*, to Henry Holt, the US publisher, for £1.3m. And Faber reportedly paid a substantial advance for Kazuo Ishiguro's *The Unconquered* after *The Remains of the Day* sold 70,000 hardbacks.
Moreover, the least glamorous, but arguably most lucrative part of the Amis contract is the provision for Cape to retain paperback rights to all his books. Until

Malcolm Rutherford on how minority governments can cling on in the UK

Down but not yet out

That brief note in the UK parliamentary record - which is also the opening sentence of Margaret Thatcher's book *The Downing Street Years* - marked a turning point in British politics.
The date was March 28 1978. For the first time since 1924 a British government had been defeated and forced to go to the country on a confidence vote brought by the opposition. Although few predicted it at the time, it was the prelude to at least 17 years of Tory rule.
Now, as then, the government has lost its overall majority in the House of Commons and must call a general election some time before the end of May. But depositing a minority government can be a messy, uncertain business, as the Conservatives found in the run-up to 1978.
The Labour government of 1974-79 was the first British administration this century to slip from majority to minority, yet to remain in office for a full five-session parliament. Constitutionally it could have gone on until October 1979 if the opposition had not pulled the plug.
Tony Benn, then a Labour cabinet minister, noted in his diary for March 26 1978 - two days before the crucial vote - that an eminent psephologist had dropped in to see him that morning. "He thinks," Mr Benn wrote, "that the election is quite open. His guess is that if Thatcher loses, Francis Pym will be leader of the Conservative party and he will favour PR [proportional representation]." The psephologist, Mr Benn concluded,

Down but not yet out



Callaghan (left) felt in 1979 that nothing would deter the public from voting for Thatcher

"could see the whole of British politics being reshaped" - as indeed it was, though not in the way predicted.
But it is never easy to get a government out before its term is up unless it feels bold enough to make a run for it. In the late 1970s, the Tories failed with two no confidence motions before the successful attempt in March 1978.
On several occasions the government was defeated on serious matters - such as the attempt to impose sanctions on Ford for breaching the government's pay guidelines in December 1978 - but survived a confidence vote the next day.
The trick for minority governments is to keep their nominal supporters in line by persuading them an alternative government would be even worse, while offering enough to the smaller parties to maintain their votes.
The first part is relatively easy. All members of the mainstream political parties vote for their own side on a matter of confidence whatever they get up at other times. For example, John Major used a confidence vote to ratify the Maastricht treaty in July 1993, after a series of defeats imposed by Eurosceptic Tory MPs.
Keeping the smaller parties in line is much harder because they know they can demand a price. The weaker a government becomes, the greater the price they ask.
In the decisive vote of March 1978, the Tories were both lucky and clever. The original motion of no confidence was tabled by the Scottish Nationalists (SNP) after the referendum on Scottish devolution on March 1 had failed to produce a sufficient vote in favour. The SNP was angry at the government's reluctance to proceed.
The Tories then put down their own confidence motion, knowing the SNP would look foolish if it did not support it. They also knew by then that the centrist Liberals were seeking an early general election. That left the Welsh Nationalists and, more important, the Northern Irish MPs who between them could have saved the government, at least for a few more months.
The three Welsh Nationalists were bought off with a promise, subsequently fulfilled, of compensation for lung diseases suffered by slate quarrymen. James Cal-

laghan, the prime minister, represented a Welsh constituency and understood the problem.
The Irish, of whom there were 12, would probably have supported the government if it had pledged to build a gas pipeline from England to Northern Ireland - but Mr Callaghan demurred. Nevertheless, the government had its eyes on two non-Unionist Irish MPs in particular: Gerry Fitz, the member of the mainly Catholic Labour party who had previously supported Labour, and Frank Maguire, the Independent Member for Fermanagh and South Tyrone.
On the eve of the vote, Mr Fitz tried to talk to Michael Foot, the deputy prime minister, about his concerns over a proposed increase in the number of Ulster constituencies that would favour the unionists. But Mr Foot was away at a by-election in Liverpool, and Mr Fitz voted against the government.
There was still Mr Maguire. He was reputedly detained in the Labour Whips' office and pled with Guinness to prevent him leaving the building. Mr Benn's diary records that Roy Hattersley, the prices secretary, was said to have given Mr Maguire three bottles of whisky and offered an inquiry into food prices in Northern Ireland to gain his support.
Whatever the real story, in the end Mr Maguire did not vote. If he had supported the government, the result would have been a tie and the Speaker would have been obliged to rule in the government's favour.
One Labour MP could have produced the same result, had he been present. That was Sir Alfred Broughton, a Yorkshire member



Dollar down

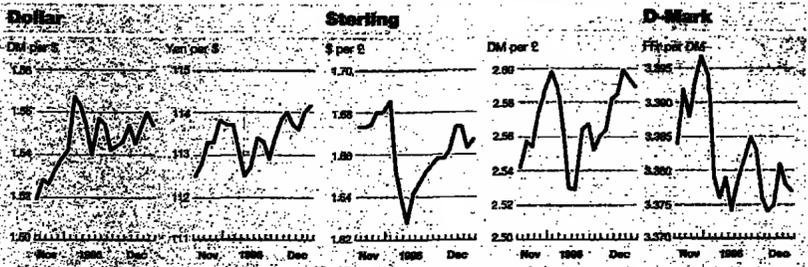
MARKETS REPORT
By Emiko Terazono

The overnight rally in Wall Street share prices initially encouraged buying of the dollar, but the US currency edged lower in later trading due to seasonal selling.

The dollar closed 0.6 pence lower against the D-Mark at DM1.5638. The US currency has a tendency to ease at the end of the year as foreign companies repatriate their profits ahead of year-end book closing, said Mr Julian Callow at Kleinwort Benson in London.

But with the outlook for the economies of continental Europe remaining weak, prospects of lower European interest rates are expected to provide support for the US currency while weighing on leading European currencies.

Data released yesterday provided further evidence of weaker economic perfor-



prevailed. The currency which was sold heavily earlier this week eased further against the dollar and the D-Mark.

Economists said the consensus on the Swiss franc was that it was still considered overvalued against the D-Mark. Considering the weakness of the Swiss economy, a further easing of interest rates and the decline of the franc is seen as essential in order to restore growth.

Mr Tony Norfield at ABN

Amro Bank in London said that traders would continue to sell the currency short next week.

Japanese institutional investors were seen to be buying US bonds and equities.

Continuing capital outflow from Japan, caused by liquidations of Japanese equities by foreign investors and the purchases of high-yielding foreign bonds by Japanese retail investors, were seen to be supporting the dollar.

But while technical analysts see the Y114 level as a

support, a further fall in the Japanese currency could intensify US-Japan trade tensions.

US trade data released this week showed that its trade deficit with Japan rose by 21 per cent in October from the previous month to \$50n, the worst in 14 months.

Mr Brendan Brown, head of research at Bank of Tokyo-Mitsubishi in London, said the Y115 level would be the top of the range likely to be tolerated by US policy makers.

WORLD INTEREST RATES

MONEY RATES

Country	Overnight	One month	Three months	Six months	One year	Libor	Dis. rate	Repo rate
Belgium	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	6.00	2.50	-
Denmark	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3.15	-	4.75
France	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	4.50	2.50	3.00
Germany	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	8.00	7.50	7.30
Italy	7 1/2	7 1/2	7 1/2	7 1/2	7 1/2	-	-	3.00
Netherlands	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	-	-	1.00
Spain	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	-	-	5.00
US	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	-	-	5.50
Japan	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	-	-	0.50

BURO CURRENCY INTEREST RATES

Country	Short term	7 days notice	One month	Three months	Six months	One year
Belgium Franc	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4
Danish Krone	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4
D-Mark	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4
Dutch Guilder	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4
French Franc	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4
Portuguese Esc	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2
Spanish Peseta	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2
Sterling	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Swiss Franc	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Den. Dollar	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
US Dollar	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Italian Lira	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2
Yen	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Dollar SDR	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4

POUND SPOT FORWARD AGAINST THE POUND

Dec 20	Closing mid-point	Change	High	Low	One month	Three months	One year	JP Index
Europe	16.2257	-0.0295	16.1	16.2725	16.2039	16.1822	2.8	16.1257
Austria (Sch)	16.2257	-0.0295	16.1	16.2725	16.2039	16.1822	2.8	16.1257
Belgium (Bfr)	53.2344	-0.1216	53.1	53.1000	53.2070	53.2304	2.8	53.2344
Denmark (DKr)	9.9169	-0.0098	9.9	9.9232	9.9269	9.927	2.4	9.9244
France (Ffr)	7.7284	-0.0148	7.7	7.7480	7.7190	-	-	7.7284
Germany (DM)	8.7452	-0.0174	8.7	8.7708	8.7304	8.7465	2.8	8.7452
Italy (Lit)	2.3289	-0.0037	2.3	2.3277	2.3257	2.3294	3.0	2.3270
Netherlands (Gld)	411.842	-0.0225	411.8	411.819	411.847	-	-	411.842
Spain (Ptas)	166.005	-0.0009	166	166.002	166.002	166.002	0.4	166.005
Sweden (Skr)	29.4837	-0.0043	29.4	29.539	29.478	29.5077	-1.8	29.4837
Switzerland (Sfr)	53.2344	-0.1216	53.1	53.1000	53.2070	53.2304	2.8	53.2344
UK (Sterling)	1.0000	-	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
US (Dollar)	1.5638	-0.0061	1.56	1.5638	1.5638	1.5638	0.0	1.5638

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Dec 20	Closing mid-point	Change	High	Low	One month	Three months	One year	JP Index
Europe	10.8352	-0.0436	10.7	10.9730	10.9160	10.9205	1.8	10.8752
Austria (Sch)	10.8352	-0.0436	10.7	10.9730	10.9160	10.9205	1.8	10.8752
Belgium (Bfr)	32.0200	-0.116	31.9	32.1270	31.9700	31.94	2.2	31.9125
Denmark (DKr)	8.9500	-0.0189	8.9	8.9623	8.9407	8.9411	1.8	8.9227
France (Ffr)	4.8370	-0.0262	4.8	4.8598	4.8326	4.8323	2.3	4.8024
Germany (DM)	5.2470	-0.0227	5.2	5.2698	5.2400	5.2398	1.8	5.2007
Italy (Lit)	1.5589	-0.0062	1.5	1.5592	1.5592	1.5592	0.5	1.5491
Netherlands (Gld)	247.100	-0.043	247	247.280	247.055	247.055	-7.8	251.225
Spain (Ptas)	1.6592	-0.0027	1.6	1.6595	1.6595	1.6595	0.3	1.6592
Sweden (Skr)	152.818	-5.7770	152	153.596	152.820	153.12	-2.5	150.9
Switzerland (Sfr)	82.0200	-0.116	81.9	82.1270	81.9700	81.94	2.2	81.9125
UK (Sterling)	1.0000	-	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
US (Dollar)	1.0000	-	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Dec 20	BFf	DMk	Ffr	ITL	Lfr	Nkr	Es	Ptas	Skr	Sfr	Y	Ecs
Belgium (Bfr)	10.160	16.40	4.867	1.898	4.776	5.448	20.21	489.2	41.74	1.973	4.273	5.126
Denmark (DKr)	58.78	10.818	2.612	1.014	2.998	2.930	10.87	283.1	21.93	11.48	2.245	1.008
France (Ffr)	66.39	11.34	2.982	1.150	2.913	3.323	12.33	295.3	24.94	15.01	2.545	1.144
Germany (DM)	63.99	12.28	3.376	1.252	3.289	3.633	14.22	4.162	10.7	54.21	4.594	0.859
Italy (Lit)	53.01	8.658	2.673	1	2.932	2.889	10.72	259.3	21.63	11.31	2.213	0.984
Netherlands (Gld)	2.094	0.389	0.343	0.102	0.339	0.10	0.114	0.423	0.283	0.447	0.089	0.089
Spain (Ptas)	16.35	3.413	3.009	0.891	3.488	3.765	1	3.710	36.78	75.05	3.816	0.256
Sweden (Skr)	54.82	9.425	3.216	1.243	3.093	3.589	14.22	4.162	10.7	54.21	4.594	0.859
Switzerland (Sfr)	20.44	3.018	0.893	0.338	3.782	1.114	1.32	100	83.90	3.982	0.859	0.859
UK (Sterling)	24.45	4.547	4.010	1.188	4.081	1.188	1.332	4.943	11.8	10.0	5.218	0.101
US (Dollar)	48.86	8.714	7.885	2.278	2.584	2.584	2.584	19.17	1.0	1.926	0.709	1.038
Yen	23.89	4.453	3.929	1.184	4.452	1.184	1.332	4.943	11.8	10.0	5.218	0.101
Euro	1.74	0.311	0.283	0.083	0.283	0.083	0.083	0.283	0.083	0.283	0.083	0.083
Swiss Franc (Sfr)	23.40	4.351	3.837	1.136	4.441	1.119	1.273	4.943	11.8	10.0	5.218	0.101
Japanese Yen (Yen)	31.99	5.949	5.246	1.554	6.003	1.528	1.743	6.827	13.35	10.00	1.367	1
US Dollar (Dollar)	23.02	5.211	4.595	1.381	5.289	1.338	1.527	5.885	13.71	11.48	5.885	1
US Dollar (Dollar)	38.85	7.978	7.327	2.167	8.021	2.167	2.167	8.021	19.41	15.23	8.467	1.559
Danish Krone, French Franc, Norwegian Krone, and Swedish Kronor per 100 Belgian Franc, Yen, Greek, Lira and Peseta per 100.												

EMU EUROPEAN CURRENCY UNIT RATES

Dec 20	EU unit	Rate	Change	High	Low	% of spread	Div.
Belgium	0.789709	0.739077	+0.001891	-5.60	7.54	98	
France	5.29424	5.79979	-0.002263	-1.10	2.05	7	
Germany	1.93626	1.93626	0.000000	0.00	0.00	0	
Italy	163.828	163.553	+0.13	-0.17	1.89	1	
Netherlands	1908.48	1908.25	-0.71	0.00	1.42	-1	
Spain	166.379	166.379	0.000000	0.00	1.11	-3	
Sweden	157.484	157.484	0.000000	0.00	0.44	-5	
UK	166.379	166.379	0.000000	0.00	0.73	-8	
Austria	13.5455	13.5455	-0.00002	0.00	0.71	-8	
Denmark	7.46555	7.46555	+0.00014	1.13	0.38	-9	
Non EMU members	6.56969	6.56969	-0.00049	1.32	0.00	-13	

D-MARK FUTURES (DM) DM 125,000 per DM

Dec 20	Open	Latest	Change	High	Low	Est. Vol	Open Int.
Mar	0.6458	0.6459	+0.0001	0.6470	0.6448	16,616	47,024
Jun	0.6488	0.6488	0.0000	0.6498	0.6488	50	4,382
Sep	0.6538	0.6538	0.0000	0.6548	0.6538	50	1,833

JAPANESE YEN FUTURES (Yen) Yen 12.5 per Yen 100

Dec 20	Open	Latest	Change	High	Low	Est. Vol	Open Int.
Mar	0.8970	0.8981	+0.0011	0.8978	0.8945	11,475	55,409
Jun	0.8965	0.8970	+0.0005	0.8975	0.8965	232	1,289
Sep	0.9105	0.9105	0.0000	0.9115	0.9095	50	36

UK INTEREST RATES

LONDON MONEY RATES

Dec 20	Overnight	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6 1/2	5 1/2	6 1/4	6 1/4	6 1/4	7 1/2
Bank bills	5 1/2	5 1/2	6 1/4	6 1/4	6 1/4	7 1/2
Discount authority dep.	5 1/2	5 1/2	6 1/4	6 1/4	6 1/4	7 1/2
Discount market dep.	5 1/2	5 1/2	6 1/4	6 1/4	6 1/4	7 1/2

BASE LENDING RATES

Bank	Rate	Bank	Rate
Adam & Company	6.00	Parsons Poplar Bank	6.00
Allied Irish Bank (AIB)	6.00	Parsons Poplar Bank	6.00
Allied Truist Bank	6.00	Parsons Poplar Bank	6.00
Bank of America	6.00	Parsons Poplar Bank	6.00
Bank of Canada	6.00	Parsons Poplar Bank	6.00
Bank of India	6.00	Parsons Poplar Bank	6.00
Bank of Japan	6.00	Parsons Poplar Bank	6.00
Bank of London	6.00	Parsons Poplar Bank	6.00
Bank of Montreal	6.00	Parsons Poplar Bank	6.00
Bank of New York	6.00	Parsons Poplar Bank	6.00
Bank of Paris	6.00	Parsons Poplar Bank	6.00
Bank of Rome	6.00	Parsons Poplar Bank	6.00
Bank of Spain	6.00	Parsons Poplar Bank	6.00
Bank of Sweden	6.00	Parsons Poplar Bank	6.00
Bank of Switzerland	6.00	Parsons Poplar Bank	6.00
Bank of Tokyo	6.00	Parsons Poplar Bank	6.00
Bank of West Indies	6.00	Parsons Poplar Bank	6.00

UNIT TRUSTS

WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR

Johnson Fry Smler Growth	1,461
Jupiter European	1,340
Garthmore UK Smler Cos	1,330
NatWest UK Smler Cos	1,299
Old Mutual European	1,278

BOTTOM FIVE OVER 1 YEAR

Save & Prosper Korea	553
Baring Korea	591
Old Mutual Thailand Acc	635
Schroder Saudi	618
Save & Prosper Southern Africa	663

Old Mutual European



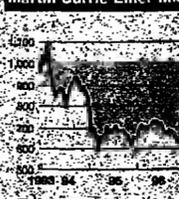
TOP FIVE OVER 3 YEARS

Hill Samuel US Smler Cos	2,016
Profit Technology	1,989
Garthmore UK Smler Cos	1,911
Jupiter European	1,790
Laurence Keen Smler Cos	1,778

BOTTOM FIVE OVER 3 YEARS

Save & Prosper Korea	425
Schroder Saudi	540
Save & Prosper Far East Sm Cos	561
Garthmore FS Emerging Markets	603
Martin Currie Emerging Markets	629

Martin Currie Emer Mkt



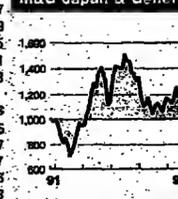
TOP FIVE OVER 5 YEARS

Profit Technology	4,177
Garthmore American Emer Gth	4,048
HSBC Hong Kong Growth	4,006
GT Orient Acc	3,681
Perpetual American Smler Cos	3,513

BOTTOM FIVE OVER 5 YEARS

Friends Prov Australia Sm Cos	855
Save & Prosper Japan	867
Garthmore UK Smler Cos	897
Fidelity Japan Smler Cos	916
M&G Japan & General Acc	933

M&G Japan & General



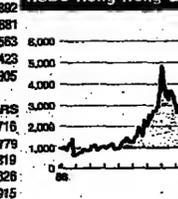
TOP FIVE OVER 10 YEARS

Hill Samuel US Smler Cos	6,392
Garthmore American Emer Gth	5,681
Profit Technology	5,563
F&C US Smler Cos	5,423
HSBC Hong Kong Growth	5,305

BOTTOM FIVE OVER 10 YEARS

Banque Ind Japan Inc	716
Mercury Japan	779
M&G Japan & General Acc	819
Wayford Australian Gold	828
Capel-Care Japan & Sm Cos	915

HSBC Hong Kong Gth



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Source: HSW (01625 511311)

Indices

Average Unit Trust	1078	1155	1244	2467	3.8	2.3
Average Investment Trust	1074	1151	1239	2459	3.8	2.3
Blokk	1053	1119	1228	2405	3.6	2.1
Building Society	1022	1105	1207	2322	3.5	2.0
Spicemart: FTSE All-Share	1152	1227	1305	2538	3.9	2.4
Inflation	1027	1057	1148	1541	1.0	0.4

UK Growth

Jupiter UK Growth	1182	1838	2728	-	3.7	1.8
Johnson Fry Smler Growth	1461	1582	2400	-	3.9	0.5
River & Mercantile 1st Growth	1191	1322	-	-	3.3	1.4
Credit Suisse Fellowship Inc	1130	1517	-	-	3.6	1.1
Save & Prosper UK Growth	1148	1468	2048	-	3.6	1.6
SECTOR AVERAGE	1081	1246	1888	2633	3.5	1.9

UK Growth & Income

GAM UK Diversified Inc	1088	1372	1928	-	4.0	2.0
Perpetual Income	1079	1324	2373	3165	3.2	2.9
Mercury UK Equity	1089	1318	2101	3792	3.4	2.4
Lazard UK Income & Growth	1075	1308	1827	2923	3.4	4.2
MAMPI Income Dist	1074	1306	-	-	3.6	3.2
SECTOR AVERAGE	1088	1187	1809	2794	3.4	2.9

UK Smaller Companies

Garthmore UK Smaller Companies	1389	1641	2158	2967	3.8	0.2
Laurence Keen Smaller Cos	1217	1778	-	-	3.4	1.2
AES Smaller Companies	1174	1705	2262	-	3.5	0.9
INVESTCO UK Smaller Companies	1182	1898	2417	2760	4.5	1.6
Credit Suisse Smaller Cos Inc	1106	1818	2291	4080	3.7	0.8
SECTOR AVERAGE	1090	1310	1927	2687	3.8	1.5

UK Equity Income

Jupiter Income	1150	1581	2983	-	3.4	4.2
GT Income	1129	1384	2449	3757	3.4	4.0
BWD UK Equity Income	1126	1377	2051	2570	3.4	3.9
River & Mercantile 1st Income	1090	1365	2040	-	3.4	4.2
Lazard UK Income	1112	1330	2088	3632	3.3	5.0
SECTOR AVERAGE	1099	1159	1862	2806	3.3	4.7

UK Equity & Bond Income

Profit Extra Income	1076	1258	1963	2885	3.0	4.5
Baillie Gifford Conv & General	996	1168	2118	2234	3.0	5.2
NSP Higher Income	1099	1170	2015	3161	3.0	4.2
CU PPT High Yield	1095	1143	1885	2871	3.4	5.8
Edinburgh High Distribution	1048	1138	1823	2318	3.7	4.5
SECTOR AVERAGE	1034	1085	1716	2360	2.8	5.6

UK Eq & Bd

BWD Balanced Portfolio	1118	1429	2162	-	3.7	1.3
NPI UK Extra Income Inc	1084	1284	2174	-	3.0	2.9
Perpetual High Income	1089	1272	2390	-	2.9	3.5
Credit Suisse High Income Port	1048	1244	2208	-	3.1	4.2
Canille Income Dis	1089	1182	1828	2486	2.8	3.7
SECTOR AVERAGE	1055	1180	1911	2744	3.1	3.5

Gift & Fixed Interest

Abstract Fixed Interest	1107	1191	2080	2635	2.4	9.0
Thomson Preference Inc	1028	1168	1788	2381	1.9	8.6
Britannia Gift & Fixed Int Inc	1004	1161	1332	-	1.7	3.3
Henderson Preference & Bond	1060	1128	1990	2250	1.8	8.3
Frankington Convertible	1088	1124	1728	2292	2.5	5.1
SECTOR AVERAGE	1012	1039	1439	2158	2.0	6.7

International Equity Income

Merch Currie Int'l Income	1063	1125	2096	-	3.1	3.4
GT International Income	985	1123	1987	2687	2.8	3.0
M&G International Income	1007	1117	1850	2499	2.8	4.8
Mayflower Global Income	965	1099	1804	1859	3.1	4.3
GBM Dolphin Int'l Gth & Income	1008	1082	1771	1957	3.0	2.8
SECTOR AVERAGE	1003	1085	1859	2167	2.9	3.6

International Fixed Interest

Barclays Uni European Bond Inc	1043	1120	-	-	1.3	6.1
Baring Global Bond	1016	1096	1865	-	1.7	6.2
Old Mutual Worldwide Bond Inc	965	1065	1423	-	2.1	5.0
Mercury Global Bond Acc	971	1058	1502	-	1.7	5.3
Thomson Dredner Europe Bond	929	1045	-	-	1.7	6.0
SECTOR AVERAGE	929	987	1385	1568	2.0	5.3

International Equity & Bond

Bank of Ireland Ex Mgd Growth	1080	1252	1970	-	2.7	3.0
NPI Worldwide Income Inc	1044	1230	1820	-	2.9	1.4
Cezanove Portfolio	1022	1217	1897	-	2.5	1.8
Fleming General Opportunities	1082	1194	-	-	3.2	4.1
Garthmore PS Long Term Balance	1080	1183	1888	-	2.8	3.0
SECTOR AVERAGE	1019	1105	1885	2336	2.7	2.5

International Growth

Profit Technology	1004	1989	4177	5553	6.1	-
Frankington Health	1038	1884	2212	-	6.8	-
Henderson Global Technology	945	1547	2945	4762	6.7	-
Scott Equitable Technology	1037	1488	2408	4198	4.3	0.8
Britannia Int'l Spec Opp's Acc	1131	1402	2720	-	4.4	-
SECTOR AVERAGE	985	1104	1819	2265	3.8	1.1

North America

Hill Samuel US Smler Cos	1290	2018	3279	6392	6.5	-
PM North America Growth	1044	1785	3311	4206	4.6	-
Edinburgh N American	1133	1881	3024	3233	3.3	0.6
Fleming Pro American Sm Cos	1045	1880	3105	3510	5.3	-
Garthmore American Emer Gth	1185	1658	4048	5681	5.6	-
SECTOR AVERAGE	1047	1338	2280	2840	3.7	0.5

Europe

Jupiter European	1940	1788	2947	-	3.5	0.8
Baring Europe Select	1240	1742	2537	2548	3.6	0.8
INVESTCO European Small Cos	1232	1646	2891	2535	3.5	-
Garthmore European Sel Opps	1093	1622	2681	2573	3.0	-
INVESTCO European Growth	1224	1610	2829	2505	3.5	-
SECTOR AVERAGE	1072	1292	2019	2286	3.1	0.8

Japan

Hill Samuel US Japan Technology	807	1078	1448	1882	6.4	-
F&C Anglo Japan Exempt	817	1008	1240	1643	5.0	-
Martin Currie Japan	877	1002	1608	-	5.2	-
NatWest Japan Acc	820	980	-	-	5.6	-
HSBC Japan Inc	864	963	1261	1124	5.0	-
SECTOR AVERAGE	788	832	1138	1321	5.4	0.2

Far East Inc Japan

United Friendly Far Eastern	924	1022	1778	-	3.8	0.7
GAM Far East Inc	875	983	1863	-	4.8	-
Perpetual Far East Growth	856	985	2484	3254	4.8	0.8
Abstract Pacific	844	979	2258	3501	4.8	0.3
Friends Prov Pacific Basin	933	973	1782	-	4.7	-
SECTOR AVERAGE	914	893	1916	2200	4.1	0.7

Far East ex Japan

Old Mutual New Zealand	1043	1187	2617	-	4.8	2.0
HSBC Hong Kong Growth	1275	1172	4005	5305	8.5	1.0
Friends Prov Australia	809	1157	2005	5093	6.2	-
Henderson Exempt Pacific	1015	1037	2413	2809	5.5	0.9
F&C South East Asia Exempt	1035	1035	2933	4155	4.8	1.4
SECTOR AVERAGE	988	893	2485	3811	6.7	0.6

Commodity & Energy

M&G Australasian & General Acc	1168	1340	2204	1929	6.1	2.0
M&G Commodity & General	1001	1220	2038	2613	5.1	0.2
Weaverley Australasian Gold	995	1143	2680	826	10.4	-
Save & Prosper Gold & Expt'n	1089	1036	2862	1592	8.9	-
Hill Samuel Natural Resources	911	1008	1914	2113	5.5	0.4
SECTOR AVERAGE	970	1043	2174	1938	6.8	0.5

Best Peps

Garthmore UK Smaller Companies	1389	1641	2158	-	3.8	0.2
Jupiter European	1340	1788	2728	-	3.5	0.8
AES Smaller Companies	1174	1705	2262	-	3.5	0.9
INVESTCO UK Smaller Companies	1182	1898	2417	-	4.5	1.3
INVESTCO European Small Cos	1232	1646	2891	-	3.5	-
AVERAGE UT PEP	1060	1212	1860	-	3.2	3.0

Money Mkt

Newton Cash Acc	1044	1138	1270	-	0.2	5.3
Midland Money Market	1044	1138	1280	-	0.2	5.0
M&G Treasury	1046	1136	-	-	0.1	5.7
CU Deposit	1044	1133	1294	-	0.0	5.2
Mercury Cash Acc	1045	1132	1267	-	0.1	5.5
SECTOR AVERAGE	1036	1123	1247	-	0.2	5.2

Investment Trust Units

Quilter Investment Trusts Inc	1089	1234	2237	-	3.7	0.8
Quilter High Inc Inv Trst Acc	1089	1173	-	-	3.3	3.7
Equitable Trust of Invest Trst	1051	1148	2196	3256	3.6	1.2
Singer & Friedlander In Trst PEP	1064	1128	-	-	2.9	2.5
M&G Fund of Investment Trusts	1025	1118	2010	3044	3.9	1.9
SECTOR AVERAGE	1011	1090	1886	2586	3.6	2.3

Fund of Funds

FT MANAGED FUNDS SERVICE

Authorised Unit Trusts FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444 171) 873 4376 for more details.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as British Gifford & Co Ltd (10000), Capital-Care Movers UK (10000), and others, with columns for Name, Type, and Price.

Table listing various unit trusts such as Capital-Care Movers UK (10000), Capital-Care Movers UK (10000), and others, with columns for Name, Type, and Price.

Table listing various unit trusts such as Capital-Care Movers UK (10000), Capital-Care Movers UK (10000), and others, with columns for Name, Type, and Price.

Advertisement for FT Discovery featuring a fisherman and the text: 'Fed up with fishing for business information? FT Discovery. The instant way to hook the information you need.'

Table listing various unit trusts such as Capital-Care Movers UK (10000), Capital-Care Movers UK (10000), and others, with columns for Name, Type, and Price.

Advertisement for 'Guide to pricing of Authorised Unit Trusts' with a sub-header 'Compiled with the assistance of AUTIF SS' and detailed text explaining pricing rules.

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FT MANAGED FUNDS SERVICE

Authorised and Insurances

FT Chiltern Unit Trust Prices are available over the telephone. Call the FT Chiltern Help Desk on (+44 1773) 873 4878 for more details.

Main table containing financial data for various unit trusts, including columns for fund names, prices, and performance metrics. The table is organized into multiple columns and rows, covering a wide range of investment funds.

GUCCI timepieces advertisement featuring an image of a watch and the text 'FOR DETAILS OF YOUR NEAREST STOCKIST, PLEASE CALL 0171 371 7795'.

OTHER UK UNIT TRUSTS section listing various UK unit trusts and their details.

PROPERTY UNIT TRUSTS section listing various property unit trusts and their details.

INSURANCES section listing various insurance products and their details.

Table listing insurance products, including names, providers, and key features.

Insurances, Money Markets and Other

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

Main table containing financial data for various insurance and fund categories. Columns include fund names, prices, and performance metrics. Categories include General Accident, Life Assurance, and various investment funds.

Money Market Trust Funds

Table listing Money Market Trust Funds with columns for fund name, price, and performance.

Money Market Bank Accounts

Table listing Money Market Bank Accounts with columns for bank name, account type, and interest rate.

Management Services

Table listing Management Services with columns for service name, provider, and details.

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FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available on the telephone. Call the FT Cityline Help Desk on (444 171) 873 4876 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing various offshore funds under the Bermuda (SIB RECOGNISED) category, including fund names, managers, and performance metrics.

BERMUDA (REGULATED)**

Table listing various offshore funds under the Bermuda (REGULATED)** category, including fund names, managers, and performance metrics.

GUERNSEY (SIB RECOGNISED)

Table listing various offshore funds under the Guernsey (SIB RECOGNISED) category, including fund names, managers, and performance metrics.

GUERNSEY (REGULATED)**

Table listing various offshore funds under the Guernsey (REGULATED)** category, including fund names, managers, and performance metrics.

Table listing various offshore funds under the IRELAND (SIB RECOGNISED) category, including fund names, managers, and performance metrics.

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Table listing various offshore funds under the IRELAND (REGULATED)** category, including fund names, managers, and performance metrics.

MKIMOTO advertisement featuring a necklace and contact information: 179 New Bond Street, London W1Y 9PD, Tel 0171 629 5300.

MANAGEMENT SERVICES

Offshore Funds

FT MANAGED FUNDS SERVICE

Offshore Funds and Insurances

FT Cityview Unit Trust Prices are available over the telephone. Call the FT Cityview Help Desk on (444 171) 873 4378 for more details.

Main table containing fund names, prices, and performance metrics. Includes sections for 'LUXEMBOURG (NB RECOGNISED)', 'Merrill Lynch Asset Management', 'Societe Generale Group', and 'Offshore Insurances'. Each entry lists fund names, their prices, and percentage changes.

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FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444 177) 873 4378 for more details.

Main table containing fund names, prices, and performance metrics. Includes sub-sections for 'OTHER OFFSHORE FUNDS' and 'Global Growth Holdings Limited'.

Advertisement for 'Need facts and figures in a hurry?' featuring 'Competitors', 'Markets', 'Customers', and 'Background Research'.

MANAGED FUNDS NOTES: Detailed information regarding fund management, including performance metrics and contact details.

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Dec 20 / US\$)

(in \$ bn)

Table of stock market data for North America, including S&P 500, Dow Jones, and various industry indices.

EUROPE

UNITED KINGDOM (Dec 20 / £)

(in £ bn)

Table of stock market data for Europe, including FTSE 100 and various industry indices.

ASIA

HONG KONG (Dec 20 / HK\$)

(in HK\$ bn)

Table of stock market data for Asia, including Hang Seng and various industry indices.

AFRICA

SOUTH AFRICA (Dec 20 / Rand)

(in Rand bn)

Table of stock market data for Africa, including JSE Top 100 and various industry indices.

AMERICAS

CANADA (Dec 20 / C\$)

(in C\$ bn)

Table of stock market data for Americas, including TSX 300 and various industry indices.

EUROPE

GERMANY (Dec 20 / DM)

(in DM bn)

Table of stock market data for Europe, including DAX and various industry indices.

EUROPE

FRANCE (Dec 20 / FF)

(in FF bn)

Table of stock market data for Europe, including CAC 40 and various industry indices.

EUROPE

ITALY (Dec 20 / Lit)

(in Lit bn)

Table of stock market data for Europe, including FTSE MIB and various industry indices.

EUROPE

SPAIN (Dec 20 / Ptas)

(in Ptas bn)

Table of stock market data for Europe, including IBEX 35 and various industry indices.

EUROPE

NETHERLANDS (Dec 20 / Gld)

(in Gld bn)

Table of stock market data for Europe, including AEX and various industry indices.

EUROPE

FINLAND (Dec 20 / Fmk)

(in Fmk bn)

Table of stock market data for Europe, including HEX and various industry indices.

EUROPE

SCANDINAVIA (Dec 20 / SEK)

(in SEK bn)

Table of stock market data for Europe, including OMX and various industry indices.

EUROPE

RUSSIA (Dec 20 / Rub)

(in Rub bn)

Table of stock market data for Europe, including MICEX and various industry indices.

EUROPE

INDONESIA (Dec 20 / Rp)

(in Rp bn)

Table of stock market data for Europe, including IHSG and various industry indices.

EUROPE

PHILIPPINES (Dec 20 / P)

(in P bn)

Table of stock market data for Europe, including PSE and various industry indices.

EUROPE

THAILAND (Dec 20 / Baht)

(in Baht bn)

Table of stock market data for Europe, including SET and various industry indices.

EUROPE

VIETNAM (Dec 20 / Dong)

(in Dong bn)

Table of stock market data for Europe, including HNX and various industry indices.

EUROPE

CHINA (Dec 20 / Yuan)

(in Yuan bn)

Table of stock market data for Europe, including SSE and various industry indices.

EUROPE

INDONESIA (Dec 20 / Rp)

(in Rp bn)

Table of stock market data for Europe, including IHSG and various industry indices.

Rockwell Automation is leading technological innovation with more than 500,000 products for a broad spectrum of industries. Rockwell logo.

Stock ahead... Bugs stock... Hong Kong up... Advertisement with large text and graphics.

INDICES

Table of various stock indices including S&P 500, Dow Jones, FTSE 100, etc.

US INDICES

Table of US stock indices including Dow Jones, S&P 500, etc.

AFRICA

Table of African stock indices including JSE Top 100, etc.

AMERICAS

Table of American stock indices including TSX 300, etc.

EUROPE

Table of European stock indices including DAX, CAC 40, etc.

EUROPE

Table of European stock indices including FTSE MIB, etc.

EUROPE

Table of European stock indices including IBEX 35, etc.

EUROPE

Table of European stock indices including AEX, etc.

EUROPE

Table of European stock indices including OMX, etc.

EUROPE

Table of European stock indices including MICEX, etc.

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Table of European stock indices including IHSG, etc.

EUROPE

Table of European stock indices including PSE, etc.

EUROPE

Table of European stock indices including SET, etc.

EUROPE

Table of European stock indices including HNX, etc.

INDEX FUTURES

Table of index futures prices for S&P 500, Dow Jones, etc.

INDEX FUTURES

Table of index futures prices for FTSE 100, etc.

INDEX FUTURES

Table of index futures prices for DAX, etc.

INDEX FUTURES

Table of index futures prices for CAC 40, etc.

INDEX FUTURES

Table of index futures prices for FTSE MIB, etc.

INDEX FUTURES

Table of index futures prices for IBEX 35, etc.

INDEX FUTURES

Table of index futures prices for AEX, etc.

INDEX FUTURES

Table of index futures prices for OMX, etc.

INDEX FUTURES

Table of index futures prices for MICEX, etc.

INDEX FUTURES

Table of index futures prices for IHSG, etc.

INDEX FUTURES

Table of index futures prices for PSE, etc.

INDEX FUTURES

Table of index futures prices for SET, etc.

INDEX FUTURES

Table of index futures prices for HNX, etc.

INDEX FUTURES

Table of index futures prices for SSE, etc.

INDEX FUTURES

Table of index futures prices for IHSG, etc.

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Table of index futures prices for SET, etc.

INDEX FUTURES

Table of index futures prices for HNX, etc.

INDEX FUTURES

Table of index futures prices for SSE, etc.

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WORLD STOCK MARKETS

Dow ahead after volatile morning Financials in the van as Stockholm soars

Restructuring is paying off, writes Greg McIvor

AMERICAS

US shares were mixed at midsession. Blue chips continued the rally which began on Thursday, while technology issues fell victim to a bout of profit-taking...

toward that sector, in reach of its record high by Thursday's close. In early afternoon trading the Nasdaq was off 5.78 at 1,290.08 and the Pacific Stock Exchange technology index was 0.7 per cent lower.

market. Some of yesterday's weakest technology shares on the Nasdaq were the large capitalization issues that had led the recent rally.

relatively subdued after the previous day's dramatic 167 point advance. At noon, the 300 composite index was up 3.32 at 5,847.82.

index was 20.2 higher at 1,363.5. SANTIAGO moved ahead steadily through the morning with the market driven mostly by good demand for the Endesa power plant...

investors in Swedish equities will have fond memories of 1996. Stockholm, alongside its Nordic cousins in Helsinki, Oslo and Copenhagen, has been one of the strongest performers among established European bourses this year.

lysts predict falling property yields, rising rents and declining vacancy rates next year. The year's star performer was Hennessy & Mauritz, the fast-growing retail clothes chain...

ness is such that recent pulp prices increases flagged by some producers this month may have to be withdrawn.

Drugs stocks enliven Paris bourse

EUROPE

Heavy activity in drugs shares made for a lively session in PARIS where the CAC 40 index drove higher for the third day running to close up 29.83 at 2,278.53.

FRANKFURT, for a time, seemed to have broken out of the underperformance of the previous two days but it closed a percentage point below its best with the Dax index just 10.71 higher at an all-time high of 2,885.54.

FTSE Actuaries Share Indices table showing performance of various indices like FTSE 100, FTSE 250, etc.

counteract foreign selling. The SMI index turned back from a high of 3,908.6 to close 9.3 better on the day at 3,891.1.

early cut in interest rates. The Comit index was 5.54 higher at 660.94 while the real-time Mibtel index finished 17 weaker at 10,461.

state-owned bank, viewed by the market as a potential merger target for Scandinavian Bank.

per cent on rapid acquisition growth. Astra and Ericsson, the pharmaceuticals and telecommunications groups...

What of prospects for 1997? Mr Christian Dibietsch, Scandinavian analyst at Paribas Capital Markets in London, believes growing inflationary pressures later in the year will put upward pressure on interest rates.

THE WEEK'S CHANGES

Table showing percentage changes for various cities: Amsterdam +4.2, Paris +3.4, Stockholm +3.0, Milan +2.7, Zurich +1.9, Frankfurt +0.7.

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THE WEEK'S CHANGES

Table showing percentage changes for various cities: Shell Sekyia +3.0, Nippon Oil +2.8, etc.

THE WEEK'S CHANGES

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Hong Kong up 2.2%, Nikkei steady

ASIA PACIFIC

The decline in US bond yields and Wall Street's overnight surge helped HONG KONG to post its biggest points gain this year.

from 421m shares to an estimated 41m, as pension funds and investment trusts returned to the buying side after Thursday's plunge of the 225 index to a new closing low for the year.

the past seven months, rose only 11 pfg to DM7.07 as it traded in DM7.7bn.

the day was 804.45. SYDNEY closed sharply higher in brisk trade with strong overnight gains on Wall Street and improved base metal prices boosting sentiment.

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FT/S&P ACTUARIES WORLD INDICES

Large table showing FT/S&P Actuaries World Indices for various countries and regions, including Australia, Canada, Europe, etc.

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Table showing Liffe Equity Options with columns for Call/Put, Strike, and Price.

RISERS AND FALLS

Table showing Risors and Falls with columns for Rise/Fall, % Change, and Volume.

LONDON RECENT ISSUES: EQUITIES

Table showing London Recent Issues: Equities with columns for Issue, Price, and Volume.

RISERS AND FALLS

Table showing Risors and Falls with columns for Rise/Fall, % Change, and Volume.

RIGHTS OFFERS

Table showing Rights Offers with columns for Issue, Price, and Volume.

FT 30 INDEX

Table showing FT 30 Index with columns for Date, Index Value, and Change.

FT GOLD MINES INDEX

Table showing FT Gold Mines Index with columns for Date, Index Value, and Change.

TRADEPOINT INVESTMENT EXCHANGE

Table showing TradePoint Investment Exchange with columns for Date, Index Value, and Change.

LONDON STOCK EXCHANGE - DEALINGS

Details of business done above have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. The data is now delivered by Ecolat, part of Financial Times Information Services.

British Funds etc

Investment Trust PLC 11% Deb 2000 - 120 1/2 % (180000)
Investment Trust PLC 11% Deb 2000 - 120 1/2 % (180000)

Corporation and County Stocks

London City of 11% Deb 2000 - 122 1/2 % (170000)
London City of 7% Deb 2000 - 122 1/2 % (170000)

UK Public Bonds

Part of London Authority Part of London 3% Deb 2000 - 122 1/2 % (170000)
Part of London Authority Part of London 3% Deb 2000 - 122 1/2 % (170000)

Commonwealth Government

South Australia 7% Conv Incr 1816 or After (Reg) - 122 1/2 % (170000)
South Australia 7% Conv Incr 1816 or After (Reg) - 122 1/2 % (170000)

Foreign Stocks, Bonds etc

AAA PLC 9% Conv 2000 - 102 1/2 % (180000)
AAA PLC 9% Conv 2000 - 102 1/2 % (180000)

British Airways PLC 10% Deb 2000 - 122 1/2 % (170000)
British Airways PLC 10% Deb 2000 - 122 1/2 % (170000)

Listed Companies

British Airways PLC 10% Deb 2000 - 122 1/2 % (170000)
British Airways PLC 10% Deb 2000 - 122 1/2 % (170000)

Trusts

British Airways PLC 10% Deb 2000 - 122 1/2 % (170000)
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Trusts

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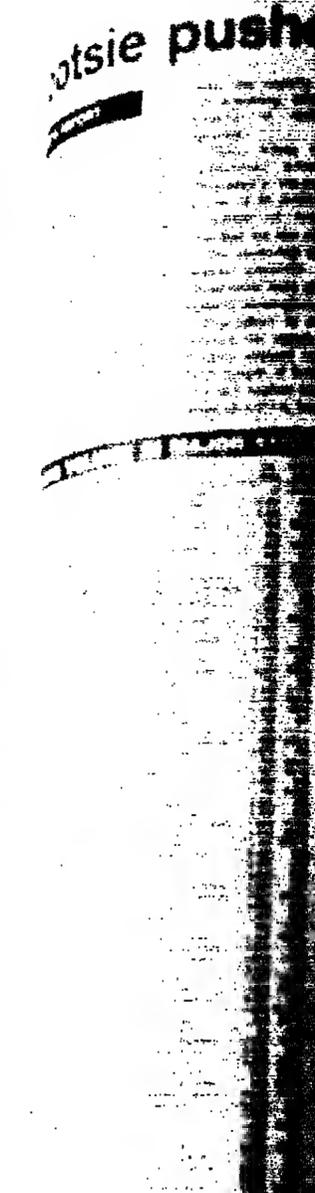
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Financial Times. World Business Newspaper. New Year illuminations. A Review of 1996: December 31. A Preview of the Arts in 1997: January 4. A Calendar of Major Events in 1997: January 6. An Analysis of Global Industries: January 7. A happy and enlightening New Year from the FT.

Net gain. NEW ON THE SITE. FT.COM. FINANCIAL TIMES. London Pound & Dollar spot rates. (http://www.ft.com) A new 'London Pound and Dollar spot rate' service is now available on the FT internet site. This service offers fast and easy access to the previous day's closing spot rates in London for 38 currencies against the Pound and the Dollar. It will also include one week's trading history. So now you have even more to gain by logging on to http://www.ft.com. Financial Times. World Business Newspaper.

Handwritten Arabic text: مكتبة الجليل

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table with 2 columns: Company Name, Price/Value. Includes entries like Diageo, Heineken, etc.

BANKS, MERCHANT

Table with 2 columns: Company Name, Price/Value. Includes entries like HSBC, Citigroup, etc.

BANKS, RETAIL

Table with 2 columns: Company Name, Price/Value. Includes entries like Lloyds, NatWest, etc.

BREWERS, PUBS & REST

Table with 2 columns: Company Name, Price/Value. Includes entries like Carlsberg, TSB, etc.

BUILDING & CONSTRUCTION

Table with 2 columns: Company Name, Price/Value. Includes entries like Bovis Lend Lease, etc.

BUILDING MATS. & MERCHANTS

Table with 2 columns: Company Name, Price/Value. Includes entries like Bunnings, etc.

CHEMICALS

Table with 2 columns: Company Name, Price/Value. Includes entries like ICI, etc.

CHEMICALS - Cont.

Table with 2 columns: Company Name, Price/Value. Includes entries like Akzo, etc.

DISTRIBUTORS

Table with 2 columns: Company Name, Price/Value. Includes entries like Asda, etc.

DIVERSIFIED INDUSTRIALS

Table with 2 columns: Company Name, Price/Value. Includes entries like Anglo American, etc.

ELECTRICITY

Table with 2 columns: Company Name, Price/Value. Includes entries like British Energy, etc.

ELECTRONIC & ELECTRICAL EQPT

Table with 2 columns: Company Name, Price/Value. Includes entries like Agilent, etc.

ENGINEERING, VEHICLES

Table with 2 columns: Company Name, Price/Value. Includes entries like Ford, etc.

ENGINEERING - Cont.

Table with 2 columns: Company Name, Price/Value. Includes entries like BAE Systems, etc.

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EXTRACTIVE INDUSTRIES

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HOUSEHOLD GOODS - Cont.

Table with 2 columns: Company Name, Price/Value. Includes entries like Bunnings, etc.

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INVESTMENT TRUSTS - Cont.

Table with 2 columns: Company Name, Price/Value. Includes entries like Fidelity, etc.

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Advertisement for Laurent-Perrier champagne. Text: 'PUT SOME COLOUR IN HIS CHEEKS THIS CHRISTMAS'. Includes a small image of a champagne bottle and a coupon for a competition.

ENGINEERING - Cont.

Table with 2 columns: Company Name, Price/Value. Includes entries like BAE Systems, etc.

ENGINEERING, VEHICLES

Table with 2 columns: Company Name, Price/Value. Includes entries like Ford, etc.

EXTRACTIVE INDUSTRIES

Table with 2 columns: Company Name, Price/Value. Includes entries like Anglo American, etc.

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EXTRACTIVE INDUSTRIES

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FOOD PRODUCERS - Cont.

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INV TRUSTS SPLIT CAPITAL - Cont.

Table listing investment trusts with columns for name, price, and change.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for name, price, and change.

INVESTMENT COMPANIES

Table listing investment companies with columns for name, price, and change.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for name, price, and change.

LIFE ASSURANCE

Table listing life assurance companies with columns for name, price, and change.

LIFE ASSURANCE - Cont.

Table listing life assurance companies with columns for name, price, and change.

MEDIA

Table listing media companies with columns for name, price, and change.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for name, price, and change.

OIL, INTEGRATED

Table listing integrated oil companies with columns for name, price, and change.

OTHER FINANCIAL

Table listing other financial companies with columns for name, price, and change.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies with columns for name, price, and change.

PAPER, PACKAGING & PRINTING - Cont.

Table listing paper, packaging, and printing companies with columns for name, price, and change.

PHARMACEUTICALS

Table listing pharmaceutical companies with columns for name, price, and change.

PROPERTY

Table listing property companies with columns for name, price, and change.

PROPERTY - Cont.

Table listing property companies with columns for name, price, and change.

SUPPORT SERVICES - Cont.

Table listing support services companies with columns for name, price, and change.

TELECOMMUNICATIONS

Table listing telecommunications companies with columns for name, price, and change.

TEXTILES & APPAREL

Table listing textiles and apparel companies with columns for name, price, and change.

RETAILERS, GENERAL

Table listing general retailers with columns for name, price, and change.

SUPPORT SERVICES

Table listing support services companies with columns for name, price, and change.

WATER

Table listing water companies with columns for name, price, and change.

AIM

Table listing companies on the Alternative Investment Market (AIM) with columns for name, price, and change.

TEXTILES & APPAREL

Table listing textiles and apparel companies with columns for name, price, and change.

TEXTILES & APPAREL - Cont.

Table listing textiles and apparel companies with columns for name, price, and change.

TOBACCO

Table listing tobacco companies with columns for name, price, and change.

TRANSPORT

Table listing transport companies with columns for name, price, and change.

WATER

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AIM

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AIM - Cont.

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AMERICANS

Table listing American companies with columns for name, price, and change.

CANADIANS

Table listing Canadian companies with columns for name, price, and change.

SOUTH AFRICANS

Table listing South African companies with columns for name, price, and change.

Advertisement for Mappin & Webb featuring a heart-shaped cufflink and the text 'WEAR YOUR HEART ON YOUR SLEEVE THIS CHRISTMAS.'

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service are shown by kind, part of financial Times International. Company share prices are based on those used for the FTSE 100 Index. Closing bid prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices. Where shares are denominated in currencies other than sterling, the price is indicated after the name. Price changes for some of the listed companies are converted into sterling from local exchange prices. Symbols referring to dividend dates appear in the notes column only as a guide to the date of the dividend. Dividends and Dividend covers are published on Monday. Market capitalisation shown is calculated separately for each list of stock prices. Listings and changes are based on the Wall Street Journal. Pledges and notes are based on latest annual reports and other information, where possible, are updated on a regular basis. Notes are based on information, where possible, are updated on a regular basis. Dividend cover is based on the current closing share price. The NY has increased price changes of per cent, consecutive covered and support covered (C) are based on average updated by last interim dividend scheme. * FT Free Annual Reports Service: You can obtain the current annual/interim report of any company associated with FT. Please quote the code FT1954. Ring 0181 770 0770 (open 24 hours including weekends) or Fax 0181 770 3822. Reports will be sent the next working day, subject to availability. * FT Company Focus / Focus Plus: Comprehensive 10-18 page report available on this company, containing key news stories from the last year, latest survey of City profit forecasts and investment recommendations, 5 year financial and share price performance review, balance sheet and profit and loss data, plus recent Stock Exchange announcements. Company Focus (FT news) £3.45. Focus Plus (FT & Investors Chronicle news) £10.95. To order, call 0121 200 4678. Reports published by ShareFinder Ltd. * FT CityLine: Up-to-the-second share prices are available by telephone from the FT CityLine service. See Monday's share price pages for details. * Calls charged at 45p per minute (plus VAT) and 50p per minute at all other times. * An international service is available for callers outside the UK, annual subscription £250 etc. * Call 0171 673 4378 for more information on FT CityLine. * The share prices printed on these pages are also available on the internet at http://www.ft.com.

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VERY LIMITED NUMBERS.

FINANCIAL TIMES

Weekend December 21/December 22 1996

LEGAL DEFINITIONS

affidavit n. 1 agreeable Welsh farmer
2 written statement produced in court which should be carefully drawn up. See notes a maw. asap (ph 0171-248-4282)

Rowe & Munn

LAWYERS FOR BUSINESS

Fujimori writes to Clinton as captives' living conditions deteriorate

Peru's president pledges to protect hostages in Lima

By Sally Bowen in Lima and news agencies

President Alberto Fujimori of Peru pledged to protect the lives of 380 hostages held by leftwing guerrillas in the Japanese ambassador's residence in Lima as evidence emerged yesterday of deteriorating living conditions inside the compound.

Mr Fujimori, who has made no public comment since the residence was seized on Tuesday evening, made the promise in a letter to US president Bill Clinton.

He said he was seeking "to achieve a solution as soon as possible to this crisis, the principal objective being the safeguarding of the health and life of those who are inside".

A hand-written placard displayed from a window at the residence called for water, electricity and telephone ser-

vices to be reconnected. A second placard said: "Urgent, government, let NHK [the Japanese state television channel] come in." Counter-terrorist police, however, refused to allow journalists to enter the cordoned-off area.

There were suggestions of tension between Peru and Japan on the approach to be taken to the crisis. The Jiji news agency in Tokyo quoted the chief government spokesman, Mr Seiroku Kajiyama, as saying there was a "considerable difference between the views of Japan and Peru". Foreign ministry officials later denied this was the case.

Meanwhile, the hostages - all men since the release late on Tuesday of women captives - have been sleeping on the floor in cramped conditions and living on a sparse diet.

More deliveries of food and water were made yesterday,

written messages were passed between the hostages and their families, and a Red Cross representative was trying to negotiate clean clothing and portable toilets.

Mr Anthony Vincent, Canadian ambassador in Lima and one of five senior diplomats released on Tuesday, has emerged as a central figure in the negotiations with the 20 or so guerrillas from the Marxist Tupac Amaru Revolutionary Movement. The guerrillas have said they want to talk to Mr Fujimori and will begin killing hostages if their comrades are not released from Peruvian jails.

Mr Vincent met Mr Yukihiko Ikeda, Japanese foreign minister, yesterday. There were some expectations he would visit the Callao naval base where Mr Victor Polay, MRTA founder leader, is imprisoned.

Mr Ikeda had arrived in Lima on Thursday evening, with a delegation of 20 diplomats and 90 other officials, and went almost immediately to meet Mr Fujimori and Mr Alberto Pandolfi, prime minister.

Any decision to storm the residence would require authorisation from Tokyo since under international law it is Japanese soil.

Japan has traditionally favoured a softer approach to negotiation with terrorists than Mr Fujimori. Reuters, however, reported the government as saying an emergency cabinet meeting had agreed "not to accept the demand to release any terrorists held in Peru's jails".

Teams from all over the world have arrived in Lima to help with negotiations. The US sent a group "to advise the ambassador".

Fishing quotas

Continued from Page 1

agreed when it joined the EU in 1995.

The ministers agreed a quota for North sea sole of 18,000, a rise on the Commission's 12,000 tonnes which would have meant a 50 per cent cut in the catch.

One of the biggest battles was over the allocation of rights to cod, herring, sprat and salmon in the Baltic. A re-allocation had to be agreed because Sweden and Finland's bilateral accords with Estonia, Latvia and Lithuania have ended following their accession to the EU. A deal involving Germany, Denmark, Finland and Sweden was agreed. Mr Tony Baldry, UK fisheries minister, claimed a victory after British catch quotas for next year were kept within a fraction of 1996 levels.

Clinton cabinet

Continued from Page 1

remaining as Treasury secretary, and Mr Gene Sperling, new assistant for economic affairs.

Their appointments had suggested the new administration might tilt towards a more conservative economic policy, with greater emphasis on budget deficit reduction and an avowedly bipartisan approach to domestic policy.

But the appointments of Mr Cuomo, Ms Herman and Mr Peña will be seen as a nod towards a more liberal approach. Mr Cuomo is a rising star in the administration whose credentials as a well-connected, liberal-inclined Democrat are unchallenged.

BNL alliance is favourite in Banco di Napoli bid

By John Simkins in Milan

Banca Nazionale del Lavoro and its partner Istituto Nazionale Assicurazioni emerged as the favourite candidates to buy a 60 per cent stake in the troubled Banco di Napoli when bids closed last night.

Under the rules of the auction, however, the chances of Mediocredito Centrale, the medium and long-term credit institution which presented the only other offer for the Italian Treasury's holding, cannot be ruled out.

The auction, which is part of a restructuring plan for Banco di Napoli, failed to attract any of the three overseas organisations which expressed interest in the tender process earlier. The narrow field underlines the lack of credibility of the Italian banking system which has suffered from political interference and poor profits.

Mediocredito Centrale was the only institution to commit itself to make an offer earlier this month and, as such, will earn the right to try again if its bid is lower than that of

Two offers received for 60% stake in troubled bank

BNL/Ina. The Treasury, advised by Rothschild Italia, must announce the highest bid by January 20. Mediocredito Centrale, if it has made the lower bid, will then have five days to match the offer and clinch the deal.

The eventual purchaser will have at least two months to conduct a "due diligence" investigation of Banco di Napoli's accounts and will have the right to revise its offer. According to the Italian press, Mediocredito Centrale has so far failed to find a partner in its bid. As it is 100 per cent government-owned, the Treasury could stand accused of not achieving a genuine privatisation if Mediocredito Centrale were to gain control of Banco di Napoli on its own.

A successful purchase by BNL/Ina would produce a pow-

erful banking alliance combining the branches of Banco di Napoli, which is strong in southern Italy with an 18 per cent share of retail banking, with those of BNL, which focuses on central Italy and the north.

The partnership might also make more attractive an eventual privatisation of BNL. Currently, 85 per cent of its shares carrying voting rights are held by the Treasury. For the recently privatised Ina, the deal would provide access to a banking network for its insurance products.

The winner is expected to have to find fresh capital for Banco di Napoli. The bank's estimated loss of about L1,600bn (£1,050bn) in 1996 will use up much of a L2,000bn capital injection authorised by the Treasury this week.

The Treasury was criticised by Mr Karel Van Miert, the European Union competition commissioner, for allowing the capital increase without awaiting approval from Brussels, which has been concerned this might infringe state aid rules.

CS Holding expects \$1.6bn loss in 1996

Continued from Page 1

It made serious mistakes in its lending policy. SBC and CS have responded to the need for extra charges by changing their loan loss provisioning policy.

CS is following SBC and switching to a method where it sets its annual provisions according to a statistically expected credit loss rather

than actual defaults. As actual losses will be higher or lower than the expected amount, it is establishing a SFR2bn fluctuation reserve, or incremental credit reserve, as a cushion.

CS will charge SFR1.55bn of the cost of its SFR2bn incremental credit reserve to the profit and loss account.

THE LEX COLUMN

Tokyo tightens

Spare a thought for the Japanese government. With a budget deficit around 8 per cent of gross domestic product and government debt approaching 100 per cent of GDP, it naturally wants to improve its finances. But the economy also desperately needs to grow if the banking sector is to be relieved of the dead-weight of bad debts. By announcing plans to tighten fiscal policy next year for the first time this decade, the government has bet that it can have its cake and eat it - cut borrowing without jeopardising the fragile recovery.

It is a big gamble. What little economic growth there has been over the past two years has been dependent on government efforts to pump-prime the economy; monetary stimulation has been ineffective in boosting demand. Now the government is hoping the private sector will take up the growth baton. Whether it can bear the burden is doubtful. Government projections that the economy will grow by about 2 1/2 per cent next year are a full percentage point higher than the Organisation for Economic Co-operation and Development's forecast. If its sums are wrong, the consequences could be grave.

There is also the international angle: the US, in particular, would like to see Japan buy more of its goods. But a deflationary budget risks having the opposite effect. If Japan's trade surplus with the US balloons again, it will re-ignite old trade frictions. Of course, the government may lack the nerve to go through with yesterday's plans; otherwise, it will need to be both savvy and fortunate if what might be bravery does not come to be seen purely as foolishness.

Sports goods

The time was when sports goods companies were cottage industries, known only to that happy band who enjoyed getting out of puff during their spare time. No longer. Now names such as Nike, Adidas and Reebok are among the most powerful consumer brands around. They are also very substantial businesses - Nike, for example, has a market capitalisation of more than \$11bn.

The shift from sports goods to leisure brands reflects both healthier lifestyles and the advent of sportswear as fashion. Acquiring street credibility has allowed names like Nike and Fila to sell to much larger markets than simply sports

FTSE Eurotrack 200: 1937.8 (+11.2)



participants. But the real impetus behind the sector's growth in recent years has come from a powerful blend of television, celebrity and fashion. TV provides huge publicity. But for a brand to acquire real sales potential it also needs endorsement by a celebrity player. If icons of popular culture like Madonna or the Gallagher brothers of Oasis add further, voluntary endorsement, the message becomes more powerful still.

All this is much less true of hardware manufacturers - a tennis racket has a far smaller potential market than a pair of shoes. Equipment manufacturers are faced with a further problem: stagnant markets in sports such as golf, skiing and tennis. Success is possible in these circumstances - witness Callaway Golf, which has grown to a market capitalisation of over \$2bn in around six years. But it requires an outstanding technical or design innovation - oversize metal woods in the case of Callaway, or parabolic skis.

However, technical innovation alone is not enough. If innovation is to be profitable, it must appeal to the recreational user rather than the professional. Another way to make money is to respond quickly; fad sports like roller-blading and snow-boarding enjoyed phenomenal growth off negligible bases. But only those who saw the trend early made outstanding returns.

Investors may worry whether companies like Nike and Callaway can maintain their strong growth records. One way they can is through attacking new markets, both in terms of geography and choice of sport. Nike's \$200m-£400m sponsorship of the Brazilian football

team, for example, is an aggressive attempt to muscle in on the football market, currently dominated by Adidas. Another option is to capitalise on a sport such as rugby, whose commercial potential is still in its infancy following the recent switch to the professional code.

Many of these sports stocks have rewarded investors handsomely this year. But their susceptibility to fashion still leaves them looking high-risk. Fila and Adidas remain salutary tales of how speedy the fall from favour can be; but their subsequent rehabilitation also shows that strong brands can bounce back. Fashionable apparel stocks clearly have greater growth potential than pure equipment companies; but even here the brilliant innovation will always command rewards.

UK textiles

With countless woolly jumpers and frilly knickers being sold in the run-up to Christmas, Britain's textile manufacturers should be on a roll. Yet this allegedly cyclical sector has conspicuously failed to cycle; despite buoyant consumer markets, the underperformance of textile stocks has been unremitting. This week's profit warnings were just the latest to unstick the market's threadbare confidence.

As always, there are one-off excuses. But the underlying pattern is clear: retailers have simply been snipping margins down to ever finer levels. Part of the reason is that low inflation has constrained their own freedom to increase prices. But just as important has been competition from cheaper imported goods.

Still, the gloom should not be overdone. What remains of Britain's textile industry is not simply letting itself be competed into oblivion. Heavy cost-cutting is under way; indeed, part of the explanation for this year's gruesome results is heavy restructuring costs and associated disruption. Together with growing offshore production, these labours should help to stabilise margins - even without the price increases that one manufacturer, Claremont Garments, yesterday said it was finally beginning to see.

Moreover, the stocks are certainly cheap; the sector is trading at an average of less than 10 times next year's earnings and a prospective yield of more than 7 per cent. Value investors should be thinking of including some in their Christmas stockings.

FT WEATHER GUIDE

Europe today

An easterly flow will bring cold air to the Benelux, Germany and Poland, with temperatures below freezing. Northern regions will be sunny. Belgium and southern Germany will have cloud. The UK will also turn dry and colder, but with temperatures above freezing. France and the Alps will have cloud and patches of rain. The Ukraine will have snow. Southern Europe will turn mild. The Iberian peninsula will have showers. Southern Italy and Greece will be sunny. Some showers are also expected in Turkey.

Five-day forecast

North and north-western Europe will continue cold and mainly dry. The south will be mild. Along the boundary, in France and the Alps, there will be cloud and patches of rain. The Iberian peninsula will turn dry, and Italy and south-eastern Europe will become unsettled.

TODAY'S TEMPERATURES

Abu Dhabi	Maximum	Beijing	sun 7	Caracas	fair 30	Faro	shower 14	Madrid	shower 10	Rangoon	fair 32
Accra	sun 25	Belgrade	fair 4	Cardiff	fair 5	Frankfurt	cloudy 2	Majors	fair 18	Reykjavik	cloudy 1
Algiers	fair 20	Berlin	cloudy 0	Cessibona	cloudy 18	Garsna	rain 7	Melbo	sun 13	Rio	fair 31
Amsterdam	sun 22	Bernina	shower 2	Chicago	cloudy 2	Glasgow	sun 4	Manchester	sun 3	Rome	fair 17
Athens	sun 17	Bogota	fair 18	Dallas	sun 28	Hamburg	sun 4	Merla	cloudy 31	S. Francisco	rain 12
Atlanta	sun 9	Bombay	fair 33	Dakar	sun 27	Helsinki	cloudy 2	Melbourne	sun 20	Seoul	sun 3
B. Aires	fair 25	Buenos Aires	cloudy 1	Deli	sun 23	Hong Kong	cloudy 8	Mexico City	cloudy 21	Singapore	shower 31
Bham	sun 2	Chagen	cloudy 1	Dubai	sun 27	Honolulu	fair 28	Miami	rain 7	Stockholm	rain 4
Bangkok	fair 33	Dubrovnik	fair 5	Edinburgh	cloudy 4	Istanbul	shower 15	Montreal	snow 2	Sydney	fair 23
Barcelona	shower 15	Cape Town	fair 23	Jakarta	thund 29	Jersey	cloudy 8	Moscow	snow 5	Tangier	rain 17
				Karachi	sun 31	Kuala Lumpur	rain 10	Munich	sleet 1	Tel Aviv	sun 20
				Kuwait	sun 24	L. Angeles	shower 23	Nairobi	fair 25	Tokyo	fair 11
				Las Palmas	shower 23	London	shower 14	Naples	fair 15	Toronto	snow 1
				Lima	shower 23	Lyon	cloudy 7	Nassau	shower 25	Vancouver	rain 4
				Lisbon	shower 14	Madrid	rain 18	New York	fair 1	Verona	cloudy 9
				London	fair 5	Oslo	fair 3	Nice	rain 13	Vienne	fair 2
				Luxembourg	cloudy 7	Paris	fair 2	Nicosia	shower 17	Warsaw	sun 9
				Lyon	rain 10	Perth	fair 24	Osaka	fair 3	Washington	sun 2
				Madrid	rain 18	Prague	fair 2	Osaka	cloudy 2	Wellington	fair 17
								Perth	fair 24	Winnipeg	snow 17
								Prague	fair 2	Zurich	fair 5

Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

Warm front, Cold front, Wind speed in KPH

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Source: BANC 1995 British Business Survey
1985 April - September 1996
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The Daily Telegraph

motoring

Every Saturday in the Weekend section

سكنا في الجبل

Weekend FT



Charlie was late for the most important meeting of the year, and there was no one to blame but Alain Juppé. French industrial unrest was stylish, festive even, but nonetheless effective for that.

Thanks to the "day of action", it took Charlie an hour to get through the Champs Elysées, time mostly spent shouting into a mobile phone over the noise of sirens, haggling with airline people and staking out a new position in Swedish bonds.

The chanting Parisian demonstrators milled around the stranded cars. One unfurled banner caught Charlie's eye. "Viva le Metro Français". That had to be something to do with Samwoo putting in a bid for the new subway line. Crowd control was a Korean specialty. Maybe Samwoo should bid for that franchise too.

For a moment, Charlie considered getting out of the taxi and spending the day shopping. Protesting and shopping, both were worthy causes in the days before Christmas.

But this was a meeting that simply couldn't be missed. The investors waiting in Geneva had the power to make a mass of the fund management team and the bank.

Times were tough enough at Berwick Brothers anyway. There was still talk of a German takeover and the demise of London's last independent merchant bank, and you couldn't walk into a pub in the City without jokes about Bryan Filde. The bank's foreign exchange manager had been in the middle of downgrading some high-resolution part on the bank's intranet when the Bank of England hiked interest rates. In a matter of seconds £3m had vaporised from the balance sheet.

Worse still, somebody leaked the story to the press.

The mobile rang. It was Natasha, Charlie's assistant. She had found a flight via Milan. "My Italian friend will do everything," she said in her husky Russian accent.

"But there is the question of price."

"How much?" said Charlie. Natasha produced a number that would have bought a long weekend at the George V hotel.

Charlie gave a little cough of surprise.

A thriller in five parts by Peter Tasker, author of Silent Thunder and Buddha Kiss. He is also Japan strategist for Dresdner Kleinwort Benson. His tale of murder and greed continues on Monday, Tuesday and Friday, with a tantalising climax next Saturday. You can play a part in the final chapter by entering our competition - see Page II

"Market forces, darling," purred Natasha. A sophisticated, highly literate woman, but she still had difficulty in distinguishing capitalism from crime.

The gruelling bit came afterwards with the questions.

"Your results are creditable once more, but the underlying philosophy is open to question. Why, for example, do you persist with this aggressive short selling?"

That was the German speaking, and for emphasis, waving his spectacles like Herbert von Karajan conducting the Berlin Philharmonic.

"Because that's where the opportunities are," answered Charlie briskly. "The tendency to overvalue assets is far more common than the tendency to undervalue them."

"Your shorts in Olivetti and Eurotunnel both worked well," continued the German, tapping his spectacles on the desk. "But this spread play between French and German bonds - it's losing money. Why do you assume that monetary union will be delayed?"

"We don't assume that. We just assume that you're not being sufficiently rewarded for assuming it does take place."

"But this is no longer a question of economics. It is a question of political discipline."

"You make an excellent point there," said Charlie smiling sweetly. A 33-year-old woman would always have to listen respectfully to the opinions of a 58-year-old customer. Even if she had taken a first in PPE at Balliol, had studied under Alan Blinder at Princeton, and was one of the top performing fund managers in Europe. Such was life.

There was a knock at the door. "Entrez s'il vous plait," said Charlie.

It was the manager of the hotel. He was carrying an ornately decorated telephone on a silver tray. "A call for Miss Charlotte Deane."

"I instructed that there

must be no interruptions," said the German investor, aiming his spectacles at the man like a pistol.

"But the caller insisted. She said it was extremely urgent."

Charlie muttered an apology to the others and took the phone to the far end of the room. Natasha's voice came through the receiver, sounding smaller than usual: "Are you sitting down? Something has happened. It's Piers."

"Piers? What on earth has he been up to now?"

"I'm afraid Piers is dead. He was in a car accident. Charlie leant back in her chair, the receiver suddenly heavy in her hand. Outside the grey waters of Lake Geneva creased and wrinkled in the wind.

Two hours later, Charlie was on the last flight to London, her mind buzzing with thoughts, most of them bad. Unlike Natasha, she had never had an affair with Piers, and indeed had harboured suspicions about the great intelligence that others had claimed to see in him. Her view had always been that his talent for self-promotion considerably exceeded his talent for investment.

Still, it was an awful business, and his contribution to the bank would be badly missed. His contacts in the financial world were legendary. Indeed, it was Piers who had introduced the Geneva investors, a deal which had eventually doubled the size of Berwick's funds under management.

From what Charlie pieced together from Natasha, Piers had been staying at the converted windmill in Norfolk that he had recently bought. After spending the day supervising the renovations, he went to the local pub and drank heavily. Then somehow or other a fire started in the night.

Piers' bed was surrounded by boxes of books, building materials, cans of paint-

Continued on Page II

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Joe Rogaly

Sacred and profane choices

The search for God continues despite the fear of ridicule and controversy

It is an unlikely setting for a Woody Allen film. We sit round an imposing oval-doughnut table listening to Prince Charles promote traditional Islamic culture. The camera slowly pans the rows of name-tags. It hesitates over a rabbi, a Tibetan lama, a Hindu, and a number of nominal Christians and devout Moslems. There are 70 of us.

Right there, Woody could play the little Jewish detective in a country-house drama. It would be his most important case. Who killed God? we clients might ask. Actually, Mr Allen has already thought of it. He wrote a short story 15 years ago. "Mr Big" is not set in Wiston House, where Prince Charles spoke. That country residence, celebrating its 50th anniversary as a conference centre leased to the British Foreign Office, is in a different universe from the metropolises inhabited by the maker of *Annie Hall* and *Manhattan Murder Mystery*. Yet as we earnest seekers after truth sat round the doughnut we asked our-

selves the very question posed by the predictably voluptuous client of the private eye in "Mr Big". She wanted someone found. Who? "God. The Creator, the Underlying Principle, the First Cause of Things, the All-Encompassing."

Woody's first-person shamus asks a rabbi if he had seen Him, and gets the reply "Me? Are you kidding? I'm lucky I get to see my grandchildren." The Pope, cornered, confirms that He exists, but only the Pontiff himself communicates with Him. Allusions to Socrates, Descartes, Spinoza, Kant, Kierkegaard follow. The denouement is, suitably, a befuddling prose artefact.

I do not mean to sound irreverent. If we God-fearing agnostics have a prejudice, it is against the militant atheists among us. They tread on our secret hopes. The world is more likely to be a creation than the self-creation implied by contemporary scientists. That was the central point of the Wiston House lecture-luncheon. The sporadic headlines it generated were about the

supposedly Christian heir to the throne reaching out to Islam. That is, shall we say, controversial. Heaven forbid that I should enter any such controversy. No, to my ears the central point of the Prince's speech, and the address that followed, was his assertion of a "sense of the sacred".

Science had attempted to take over the natural world from God, fragmenting the cosmos and relegating the sacred to a separate and secondary compartment of our understanding, he said. The need was for a "holistic" approach to life, a bridge between our physical and our spiritual natures. This talk was delivered a few days before the death of Laurence van der Post, whose teachings on such matters were central to an appreciation of his work.

All his admirers noted his influence on Prince Charles, who has sought to become a defender of "faith" rather than "the faith". The latter appellation restricts the monarch's horizons to the Church of England. Another controversy there. I

would let it pass, but the situation is too dire for that. To my mind, true believers are under siege by the followers of Mammon. Perhaps the faiths need to unite. A conglomerate could more easily proclaim the divinity. Whoops. Anyone who

To my mind, true believers are under siege by the followers of Mammon

wants to be taken seriously must step gingerly around this topic too. As the Prince remarked, the fear of ridicule, for even mentioning the name of God, is a "classic indication of the loss of meaning in so-called western civilisation". This is why I wring my hands nervously as I quote John Polkinghorne, a distinguished academic physicist who turned himself into an Anglican priest.

"We agree with those cosmologists who say... that science is privileged to participate in a reading of the mind of God," said the Rev Polkinghorne. "though we know that there is much more to the mind of God than science will ever be able to discover." His Wiston House remarks could be construed as an answer to those who imply that everything started with the Big Bang and evolved from there. (Anyway, what happened before that celebrated explosion?) "Our powers of comprehension vastly exceed anything required for the evolutionary necessities of everyday survival," observes our erstwhile professor of mathematical physics at Cambridge University.

His line is that science and faith may work in tandem. You do not have to be a follower of Islam to take that healing thought on board. Another speaker gave us a foretaste of a 1997 scheme to present the church, mosque, synagogue et al as standard-bearers of the green movement. Along with the major environment

groups, they will purvey the idea of "Sacred land - the re-hallowing of the environment of Britain". It will be a five-year programme, taking us across the end-of-century divide. I can hardly wait for the details. Let us just say that there will be some good walks along historic pilgrimage routes.

If you are squirming with embarrassment at this point, take it easy. So am I. Those who deny the existence of a world that cannot be discerned by the five senses can disbelieve with confidence. Those who are blessed with genuine faith can proclaim their radiance without fear. The rest of us live in a spiritual muddle.

One consequence is the growth of fringe religions, sects, cults, new age theories - a thousand rivulets running at tangents to the great streams of old. We have choice in everything, even matters of the soul. If we like, we can "celebrate" a secular Christmas. Would you believe Woody in a red coat, white bearded on a sleigh? God protect us from anything like that.

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A CHRISTMAS THRILLER

Collateral Damage

From Page 1

thinner and the like. He simply never woke up.

The papers report similar incidents every day, but that doesn't limit the shock when it happens to someone you know well. Charlie thought of Susan, Piers' wife. It was she who had found the body, quite horribly burnt.

Susan had been totally devoted to her husband, more than Charlie could see herself being to any man under the sun. She had ignored his philandering, put up with his hoorishness, made herself believe that he was the brilliant wit that he claimed to be.

Poor Susan! She had invested so much in that man. Charlie didn't want to think about it any more. She picked up her FT and leafed absentmindedly through the pages. The Labour party was still arguing about the minimum wage. Ken and Eddie had agreed to disagree about interest rates. Japan and China were quarrelling about some islands. Yeltsin was half-dead. Deng was three-quarters gone. And far below were the Alps, white and cold and perfect.

he had said, about the effects on his "pulling power" of a thickening waistband.

Typical Piers, thought Charlie. First, to say one thing and then do the reverse. Second, to imagine that his women had any interest in the size of his waist, as opposed to the size of his wallet. Nonetheless, she thought it might be worth checking with Susan. The opportunity came outside the church when everyone was milling around trying to think of something cheerful but not too banal to say.

"Fate plays such horrible tricks, doesn't it. And Piers had been such an abstemious character recently.

You drove him too hard. You used up everything he had. Can't you see that? Then the tears came

Everyone at the office thought he was on this wagon."

Susan gave an almost imperceptible flinch, as though an unpleasant thought had hit her. Charlie decided to probe further.

"Perhaps he had been feeling the stress more strongly than usual," Susan sighed heavily. "Well, he had certainly been acting rather strangely. I think he was having difficulty in concentrating."

That sounded very unlike Piers.

"Really?" said Charlie. "Concentrating on what?"

"On anything. For example, he offered to go shopping the other day, and you know what he came back with?"

"What?"

"Two hundred cans of corned beef. He said we

might need them in case the IRA set off a nuclear bomb."

Charlie gazed at her in astonishment. Susan looked awfully wan, as if she had been crying for days. Charlie tried to give a big Natasha-style hug, but was pushed away with surprising force.

"You people," Susan hissed, suddenly frantic. "You drove him too hard. You used up everything he had. Can't you see that? Can't you see what you did to him?" Then the tears came, and her shoulders were heaving with huge uncontrollable sobs. Her father put his arm around her and led her to the car.

"I'm so sorry," said Charlie softly. "We can talk again, if you like."

"I don't like," raged Susan, wheeling round to face her. "Stay away, Miss Smarty-boots. There's been enough damage done already."

Charlie was uncomfortably aware that she was suddenly the focus of hundreds of accusing stares.

The true extent of the damage at Berwick Brothers became clearer on Monday when Charlie started reviewing the portfolios that Piers had been running. Until a replacement was recruited, she was the obvious choice to take over, but it wasn't going to be easy.

Piers Montagu's investment style was the complete opposite of hers, and they had clashed several times at strategy meetings. As befitted the manager of the "Global Growth Trust", Piers was aggressively bullish on biotech stocks, Internet plays, emerging markets, and pretty well everything else.

The word "value" didn't exist in his dictionary. Just two weeks ago he had been spouting nonsense about a structural worldwide rise in profitability. Charlie had objected loudly. She considered the word "structural" a substitute for serious thought and told him so.



"Wake up and smell the coffee will you!" he had snapped in response. "This is a secular bull market. In the words of Confucius, the fastest monkey gets the ripe persimmon."

That was typical Piers Montagu - American slang and phoney Chinese idioms, mixed up and blended in a plummy public school accent.

Still, from the computer print-out on the desk in front of her, it looked like Piers had been prepared to "walk the talk", as he would probably have put it.

The Global Growth Trust had more than \$2bn of assets. Unlike Charlie's high-performance funds, it was supposed to be managed in a conservative "belt-and-braces" way, suitable for widows and orphans. That was not the story that the print-out was telling her.

When Charlie got to the last page, she paused, frowning. This section contained the unlisted stocks that Piers had invested in: private placements, venture capital funds, and the like. But the numbers didn't make sense. They seemed to

be at least two decimal points out of place.

She went back to the beginning, keyed in some codes on her Bloomberg terminal, and did a few sums on her calculator. No, everything else seemed to be in order.

With a sinking feeling in her stomach, Charlie rang through to the settlements department and asked for list of every single transaction that Piers Montagu had made over the past six months.

An hour later Charlie was sitting in the office of the Honourable Denis Moore, known throughout the bank as Dirty Den. She had never seen her boss look so shaken, not even when she had told him about the long position she was taking in South African shares in 1993.

"How could such a thing happen?" he mumbled unhappily. "What could he have been thinking of?"

"I've no idea."

"And what were compliance doing?"

"I imagine he sweet-talked them. He was pretty good at that." As Natasha, Marie-Claire, Lianna and many others could easily testify.

Moore shook his head in bewilderment. "Five hundred million pounds," he said slowly, giving each word equal emphasis. "I mean, that's almost a half of our net worth. What are we going to do?"

Charlie wished he would at least stop asking questions. At bonus time he exuded an oily confidence, a card player working with a marked deck. Now he looked old, defeated by a world that no longer submitted to his comprehension.

"Well," she said. "I imagine the first step would be to inform the authorities."

Moore's Adam's apple bobbed. "Oh my god!" he moaned. "Imro, the fraud squad - the press."

Now he had his head in his hands. No doubt he was having visions of packs of journalists snapping outside his Primlino flat, snapping pictures through the hedges of his Hampshire estate, talking to his first wife, hoovering up gossip from the various people he had discreetly backstabbed over the years.

"It has to be done, doesn't it?" she said.

"No, it bloody well doesn't," said Moore vehemently. "Not yet, anyway. Don't tell anyone about this. Not a soul, do you hear me?"

"I hear you, alright," said Charlie. "But I'm not sure I understand. Failure to disclose something of this scale could get us into even bigger trouble. These days, people are getting barred for less."

Moore got to his feet. "Let me be the judge of that. You've got a great future with this firm, Charlie. Play your cards right, and in five years you could be sitting in my chair."

He put his arm around her shoulder and guided her to the door. A double blue a quarter of a century ago, Moore was still a handsome man, despite the dyed hair and the well-upholstered paunch. Charlie wondered if she could ever have been attracted to a man like that.

No, she couldn't, she decided. Because he was fundamentally stupid. Why pretend to be in charge of events that you couldn't even understand, let alone control? Why would anyone want to sit in that chair, anyway? He thought it was a throne, when it was really just a deckchair on the Titanic.

Charlie didn't leave the office until Wall Street had

closed. When she arrived at her flat in Covent Garden, Amos was already in bed. He was wearing nothing but a sleep-mask, his chest and shoulders glowing orange in the dim light of the table-lamp. She slid quietly under the covers and snuggled up to his warmth.

As she had suspected, he was only pretending to be asleep. It didn't take him long to sense that something was wrong. Having tried every technique in his considerable repertoire to smooth away her tensions, he finally picked her up in his arms, took her into the lounge, and dumped her on the sofa.

"Tell me about it," he said, wrapping a towel around his waist.

So she did. Over half-a-bottle of Laphroaig, she explained how Piers Montagu had invested nearly half a billion pounds into a handful of small private companies.

"What kind of companies are these?"

"No one knows. They are not listed on any stock exchange."

"So where has the money gone?" he asked.

"No one knows that either."

Amos was quiet for a moment, his sculptor's fingers knotted together under his chin. Those long strong fingers were what had attracted Charlie to him in the first place.

"Half a million pounds," he mused. "That's a huge amount, isn't it?"

"No, Amos," said Charlie gently. "Half a billion pounds. Enough to buy all the Henry Moores in the world."

That was the other thing that had attracted her. He knew nothing at all about money.

Early next morning there was a call from Susan Montagu. "I must apologise about what happened the other day. It was nothing personal."

"But of course it was. Charlie had been taking the flak for Natasha."

Still, Susan was clearly under tremendous stress. To make matters worse, her job as an anaesthetist at one of the teaching hospitals was about to disappear in a government cutback. That was one of the few subjects about which Piers had displayed any social conscience, getting everyone in the office to sign a series of petitions.

According to Natasha - who knew everything - they first met when he had gone in for a hernia operation. The man had definitely been resourceful, if nothing else.

Lunch was in the top-floor suits with Denis Moore. There were two other men waiting at the table. One was the tame Tory MP that

the bank retained for "political research services".

As far as Charlie knew, he had failed to foresee every single change in fiscal and monetary policy of the past five years. Right up until White Wednesday, he had claimed that sterling's membership of the ERM would be "defended on the benches".

More recently he had been lauded in the tabloids for his promise to breakfast on British beef sausages every day for the rest of his life.

The other was a more formidable figure - the last representative of the founding family on the executive board. He sat on the government benches in the House of Lords, and wrote an occasional column in the *The Spectator* magazine on gardening. His first name was Stanley and in the bank he was known as Stan the Man.

Denis Moore got to this point straight away. "This whole thing could have serious ramifications, Charlie. It's coming at a very bad time."

"Extremely unfortunate," agreed Stan the Man without

having chosen a bottle of 1961 Chateau Leoville Barton. "This matter has dimensions beyond the purely domestic. In this day and age, our socialist friends are no longer the most serious threat to our well-being. There are other more formidable adversaries."

He arched an eyebrow, as if his meaning should be perfectly clear to anyone.

"I'm not sure I understand," said Charlie.

"Brussels," hissed the MP, making the word sound like a sexual obscenity.

"The complexities of our unique position in Europe," corrected his lordship. "We are, after all, one of the last fully independent British merchant banks. If we were found to have shot ourselves in the foot, the French and the Germans would be cock-a-hoop. They could use it in all sorts of ways."

"Look at what is already going on," interjected the MP. "Your long-term strategy is clear - marginalise the City, strangle it with Euro-legislation, then gradually build up Frankfurt and Paris as replacements."

The wine had arrived. The last working member of the founding family took a sip and rolled it around his mouth before continuing. "In my considered opinion, the survival of the bank is a strategic necessity for this country of ours."

"After Denis told me what happened, I took the liberty of speaking to one or two chaps I know. They hold the same opinion. They believe we should have the opportunity of sorting things out without undue interference."

Strategic necessity? Chaps? Sorting things out? Charlie was puzzled, and it must have shown in her face. "Two weeks," said Moore. "That's the time we've been given to put Humpty-Dumpty back together again."

"And how on earth are we going to do that?"

His lordship leant across the table, a smile creasing his lips. For a man who had just learnt that a significant portion of his worldly wealth had evaporated, he looked remarkably good spirits.

"That's what we're relying on you to find out, Charlie. Now, do have some of this excellent claret."

He was holding out the bottle expectantly. Charlie cautiously lifted her glass...

... TO BE CONTINUED

On Monday: Things look bleak for Charlie. Don't miss Collateral Damage on Monday, Tuesday, Friday and next Saturday

All characters and companies in this novel are fictitious.

The Competition

The challenge is to come up with a saying that is a modern take on that old format.

Details of how to enter will be published in the FT on Tuesday December 24 and Friday, December 27. By reading each instalment, the observant reader will have a better sense of how it all may end.

The five funniest, original entries will receive an FT hamper hand-picked by its specialists: bottles of red and white wine chosen by Janice Robinson, the FT's wine writer; the fiction and non-fiction books of the year, as judged by Annalena McAfee, literary editor; a classical and a popular CD selected by our music writers; and a couple of good taste goodies chosen by Lucia van der Post, How to Spend It editor.

'When the year grows cold, we know the pine and the cypress are the last to fade' Confucius

'It never troubles the wolf how many the sheep be' Virgil

'It is the wisdom of rats, that they will be sure to leave a house somewhat before it falls' Francis Bacon

'Tax is not a burden to the wise man - he has a clever accountant' Piers Montagu

CHRISTMAS CROSSWORD Set by Cinephile

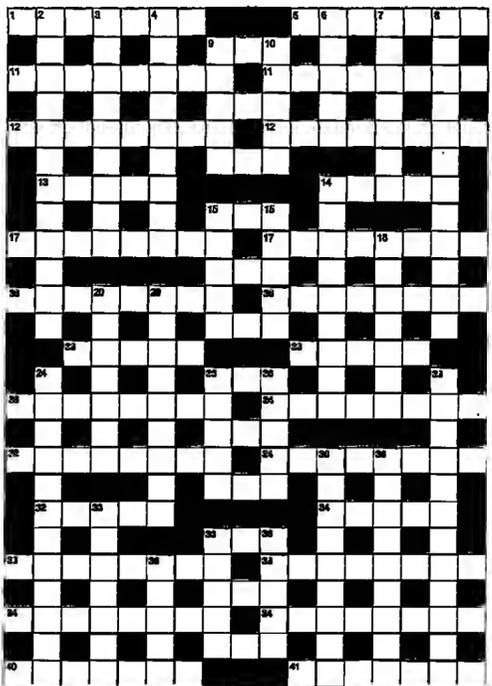
A prize of a classic Pelikan Souverän 800 fountain pen will be awarded for the first correct solution opened from those received by Thursday January 2 1996. Five runner-up prizes of £35 Pelikan vouchers will also be awarded. Solutions should be marked Christmas Crossword on the envelope and sent to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Saturday January 4.

ACROSS

- 1 I have a dominant note, still: it rains here just the same (7)
2 West African is first: am I not going to follow? (7)
11 Grain container that flies windward, having respect to the lady (8, 1-7)
12 Fern structure in centre of fruit found by colleague such as policeman in green for certain (8, 8)
13 At a distance the establishment is a ridiculous thing (5)
14 Beg to say if you're guilty (5)
17 Purgative will require energy subsequently in fixer for planking, even briefly in nature's way (8, 8)
19 Barrow boy, accepting £1 for more expensive piece of cloth, put topless man in her place (8, 8)
22 First in, first out, the brute! (5)
23 Ploughman's investment? (5)
28 Wide screen presentation of American origin where a film should be secret (8, 2, 6)
29 Rich stuff makes female sick in church (Greek); damnation's part of the Nicene creed (8, 8)
32 Diagram partially imitating Raphael (5)
34 Writers expounding basic British socialism initially (6)
37 Spanish worker's dog in Canada left once at sea by fat round pig (8, 8)
39 Cleaning lady is a parent of inspirational quality, old style; there's a right great gap when I come in (8, 8)
40 Deliverance from river flowing back inside (7)
41 Opposed to publicity for poetry? (7)

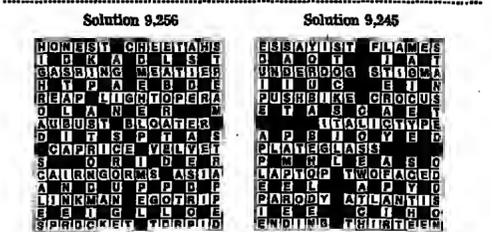
DOWN

- 2 Academic chasing a lot of fish: was he co-educated? (12)
3 Due order of precedence in a dive (4,5)
4 Private detective permitted always to produce a small bodkin (9)
6 Place for the unwanted to quieten the spirit (5)
7 Tyre protector with an opening point (7)
8 Summary hit by sensations (3,9)
9 Small inlet sounds as if it needs oil (5)
10 Roused in unusual form, united round a king (5)
14 Go into broken pitcher, probably Romanesque (3,6)
15 Cross the line when some danger is over (5)
16 Immoled? Baffled? Get this in! (5)
18 No way drink can be a remedy (7)
20 The means of checking what is in it (7)
21 At home Persian ruler devours the lot, God willing (9)
24 Printer set fire to pig and hit sow? (12)
25 Sancy escapade (5)
26 Drunk? Only just? (5)
27 Panels show lady's wear this month is being corroded (8,6)
30 Cheap remark of cow before her leader snoozed around (8,6)
31 Apply lotion to be mixed with cream (9)
33 Hair-drier's losing time in Scotland (7)
35 Boring specialist in otology? (5)
36 Break a leg at morning light (5)
38 Princess's business needs records (5)



The puzzle is meant to be an open book; the unclued spaces in the "hiding" contain three-letter animals whose skins might possibly be used for the purpose. Some across solutions are in pairs, having the same numbers; these are anagrams of each other; in their clues, which are run together, matter referring to the left-hand "page" always precedes that referring to the right.

Name.....
Address.....



WINNERS 9,245: A. Calleja, High Wycombe, Bucks; J.R. Adamson, Rayleigh, Essex; Mrs E. Figg, Chandlers Ford, Hants; Mrs M. Imber, London EC1; J.F. Shircliff, Colchester, Essex; T.J. Spencer, London N22.

Mutton



lord

... TO BE CONTINUED
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All characters and companies in this novel are fictitious.

Handwritten signature or text at the bottom of the page.

PERSPECTIVES

Lunch with the FT

Mutton stew with the 'Lion of the Panjshir'



An unmistakable whiff of power: Afghan resistance leader Ahmed Shah Massoud. Hugo Phlips

As those Russian soldiers who fought him in Afghanistan during the 1980s will tell you, Commander Ahmed Shah Massoud is an extremely difficult man to hunt down - let alone have lunch with.

These are testing times for Afghanistan's most celebrated guerrilla commander and ousted defence minister, now leading the fight against the Taliban Islamic militia which took Kabul in September and now controls two-thirds of the country. With the first heavy snowfalls of winter upon him, Massoud is under pressure to retake the capital or reach a settlement.

After four days, a high-speed car chase and fruitless attempts to corner him in blizzards and sub-zero temperatures, Massoud finally consents to a press conference at his military headquarters in Jebel Seraj, a windswept town high in the Hindu Kush mountains 40 miles north of Kabul. Lunch *deux* seems an unlikely prospect.

Jebel Seraj is heavy with Massoud's forces, a grisly Aladdin's cave littered with the paraphernalia of war. Tanks rumble through the muddy streets, pest armoured personnel carriers, rocket launchers, artillery guns and shivering soldiers armed with Kalashnikovs. Amid this noisy military orchestra, four-wheel drive Toyotas with tinted windows ferry his conductor, Massoud, to and fro at breakneck speed.

"The Lion of the Panjshir" is the sobriquet that he earned after his exploits against the Russian invaders in the Panjshir valley. Fearing that lunch with the FT may not be top of agenda on retiring for the day, I ask him if he is feeling hungry. The interpreter looks long

and hard at me, a stony expression indicating this is not the sort of question one asks the great man.

After some cajoling, he sheepishly translates my crude hint and, after conferring with his leader, an aide announces in polished French that if I would like to have lunch with the commander, I would be most welcome.

Massoud motions me courteously into a private dining room - hardly lit and empty save for a small table, a set of chairs and a sink. This is one of the few Kalashnikov-free zones in town. Other than an uninspiring still life, the white walls are bare. There is no carpet on the concrete floor.

The Chitrali cap, spotted at a rather rakish angle, sits atop a handsome face lined with two decades of warfare. At 42, Massoud is already beyond the average life expectancy of Afghan men and admits his best years on the battlefield are behind him. The eyes are deep, dark and in earnest as he looks back with pride to his leading role in harrying the Soviets out of Afghanistan in 1989, 10 years after their invasion.

A matching woollen waistcoat worn over an army sweater, khaki fatigues and black boots - he is rumoured to have a penchant for the custom-made Russian paratrooper variety - completes the ensemble of the mountain warrior. There is an unmistakable whiff of power and authority about him, but for a man who has done little else but wage war since 1973 he is remarkably gentle and softly spoken. A quiet dignity underpins his massive presence.

"I am sorry lunch is going to be very basic," he says in mellifluous Dari (Afghan Farsi), waving a large hand over the table on which two bowls of mutton, potato,

and onion and tomato stew, served with heaps of nan bread. "If I had known you were coming a little earlier, I would have had something special prepared."

The counter-revolutionary career took off at the age of 19, he tells me, in the wake of the coup which overthrew King Mohammed Zahir Shah, installed a pro-communist regime, and declared Afghanistan a republic. He abandoned an engineering degree at Kabul University, then home to the conflicting movements of Islamic nationalism and communism.

Formal education ended

there but Massoud remained a voracious reader. After Kabul's recent fall, he relocated his home to the Panjshir, taking with him his 3,000 volumes of literature. In the little spare time war affords him, he enjoys reading the 14th century spiritual Iranian poet Hafiz.

We face each other across a cheap plastic table cover. I ask him his favourite food and the interpreter looks startled again. Massoud is used to reporting his latest military advance but admits, almost shyly, to finding "personal questions the most difficult to answer". The interpreter suggests milk as Massoud's preferred tipple, realises this is insufficient as an answer, and then remarks with an air of finality, "Commander Massoud likes whatever he eats".

Subject closed, Massoud is here to talk Afghanistan and not milk shakes. It is something he does with ease and charm and an animation which stems from an intense religious faith and a profound love of Afghanistan, notwithstanding the fact that he has done much to destroy the country himself. The Russians left Kabul virtually unscathed. Today, after more than four years of factional fighting between Massoud and rival Mujahideen, much of the capital lies in rubble. I suggest Afghanistan is doomed always to fall victim to its deep ethnic fault-lines. The current war pits the Tajik Massoud - in a coalition with Uzbek warlord General Dostam - against the Pashtun Taliban. He shakes his head and moves both elbows on to the table, citing a host of examples to prove that these divisions are not fixed: Uzbeks fight Tajiks, Pashtuns embrace Tajiks and so on.

"This is only one part of the problem," he observes. Afghanistan's war, he says, has always been the creation of foreign powers, with Pakistan the master villain. "It has been very difficult to get rid of the Russians and then deal with Pakistan."

Returning to his own background, his mood lightens and the face crases into a smile while he informs me that at 25 he could look back on two coups *d'état* and a failed provincial rebellion. "I had a Sten gun and 20 men with me in the Panjshir. We robbed a bank and told everyone there had been a coup in Kabul. But there was nothing in the newspapers or radio to confirm it and people soon discovered nothing had happened." He was now a wanted man but the episode is recounted as though it were merely a boyish prank,

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Justin Marozzi

O lord, it's another atheist

Gerard Baker on the problems faced by non-believers, particularly in the US

It will be a traditional Christmas for Frank Zindler and his wife again this year. Last week he taped a few messages for the special edition of his "Dial-An-Atheist Telephone Hotline" on the fallacies of Biblical fundamentalism.

Shortly before the 25th he will decorate his tree with purely secular ornaments (no angels or Father Christmases). And on Christmas Day itself he will raise a glass or two in celebration of the winter solstice.

Zindler is a creature so rare these days he is in danger of becoming an oxymoron - the American Atheist. While religion, organised or otherwise, seems to have been on the wane in much of the west this century, in God's Own Country, it retains its hold over the vast majority of the people.

About two-thirds of western Europeans believe in God, polls suggest, a figure that has been falling for many years. In America more than 90 per cent of the population are still faithful. For those on the obverse of that statistic, life can not only be lonely it can, occa-

sionally, be downright uncomfortable. Zindler and his wife have been abused, their house has been vandalized (without obvious irony, "Jesus Saves" was the message someone chose to scrawl across their front wall). They have even received death threats. In the early years of the Reagan Revolution, he was hounded out of his job as a college professor for teaching an atheist philosophy (Darwinian theory) - and this was not the bible belt. The Zindlers live in the comfortably secular city of Columbus, Ohio, in the heart of the Midwest.

"Throughout my life, I've been made to feel as though I were an alien," he says, "the godless beast from another planet." Most American atheists say the same thing, although today few are physically intimidated. Frank Zindler is a crusading atheist, a prolific publisher of anti-religious tracts, veteran of a thousand demonstrations against Christian and Jewish displays in public places. Most Americans regard him as a bit "uppity", he says. According to Ellen John-

son, president of American Atheists Inc, the leading anti-religious group in the country, though prejudice is still rife, most non-believers are reluctantly tolerated by others.

"It's rather like being homosexual. As long as we remain locked in the closet, people seem prepared to accept us.

"They just don't want us

In South Carolina and Pennsylvania atheists may not hold public office

to be too public about it."

That is something Johnson's organisation has been struggling for years to overcome, with few obvious signs of success. There are as yet no plans for an Atheist Pride day, but AA Inc does produce a weekly television show (cable-cast in 50 cities) and a range of Atheist literature and merchandise (bumper stickers, "Proud to

be An Atheist", \$1.50). And life is certainly better for the godless today than it once was. The cold war period was probably the worst time to be an atheist in America. Non-believers were simply assumed to be communists and were treated accordingly. There was even an attempt (ultimately unsuccessful) by one especially zealous congressman to exclude atheists specifically from the provisions of the Civil Rights Bill, on the grounds that they were un-American.

But while, in law at least, sexual and racial discrimination is now no longer tolerated, in some states religious discrimination in political life is still the norm.

In Pennsylvania and South Carolina, atheists may not hold public office. Several other states still have similar laws on their statute books. In a famous case a few years ago, the Supreme Court upheld a rule by Boy Scouts Associations, that no atheist children could join the movement.

In Bill Clinton's Arkansas, a state not especially renowned for the moral high

standards of its senior office holders, they have gone one stage further. No-one who denies the existence of a supreme being may testify in any court in the state.

Though the first amendment of the constitution (a document that atheists point out does not include the word God anywhere) upholds complete freedom of religion, attempts to overturn these bans have been only partially successful.

The main reason the prejudice is allowed to continue, say atheists, is fear on the part of office holders. It would be political suicide for any candidate for office to back the atheist cause.

"There is virtually no politician in American history who has been prepared to support us publicly," says Ron Barrier, who produces the weekly television programme for the atheist network. (The technicians who work on the programme often use pseudonyms - they do not want their friends to know they do it, he adds).

According to AA Inc, there has never been a single self-confessed atheist in the US Congress. In fact, there

are even indications that atheism as a creed may be waning. AA Inc has haemorrhaged members in the last few years. In its heyday, during the civil rights battles in the 1960s and 1970s, it numbered as many as 30,000 souls (or bodies). Now, admits Johnson, it is down to just a few thousand. In some states it has a mere handful of members. Other atheist groups have also reported a decline in interest.

Meanwhile, religious affiliation grows. What is it about

America that makes it such barren territory for godless rationalism? Surprisingly for such a bunch of rationalists, no-one in AA Inc seems to have a clear answer.

Some believe it is a product of America's free market economic system. Competition among religious groups has resulted in an intensification of efforts by each faith to strengthen its market position, resulting in a more comprehensive market reach by all.

Others say it is something to do with the cultural and



The Nativity: In America more than 90 per cent of the population are still faithful. Barnaby's Picture Library

social rootlessness of Americans, nearly all of some point refugees from hostile governments.

Perhaps the simplest explanation is that America has, for all its obvious flaws, probably proved better at providing its people with more freedom, more personal well-being, more opportunity and more hope than any other country on earth.

Most Americans truly believe their prayers are being answered. Perhaps they are right.

Dispatches

Oh troubled towns of Bethlehem

Making reality out of symbolism has become a South African challenge, says Roger Matthews

Being a child of Bethlehem has not always been easy, as its most famous son discovered. Whether the little town was in Palestine, or in the Orange Free State in South Africa, whether the occupying force was Roman or British, the consequences have sometimes been severe.

Take this description. "Round the village, so far as we could see, not a farmhouse was standing, and on the way thither we passed the site of what were prosperous stores. But only a heap of stones marked where they had been. All had been burned."

About one fifth of the village itself had been destroyed, the houses on the outlying streets having been pulled to pieces to provide fuel for the troops. But when remarking on the deplorable destruction, we were told that Bethlehem had suffered least of the villages in that part of the colony.

"A stray white man wandering among the ruins added to the sense of desolation. That sunny Sunday will haunt me to my dying day."

The writer was Ramsay MacDonald, later to become the Labour party's first prime minister of Britain. The Bethlehem he described during

the Anglo-Boer war has since prospered, at least for part of the population.

The River Jordan still runs through it, Loch Lomond and Loch Ailshone provide kinder memories of Britain and the town's drinking water, while the devout have a choice of nearly 60 churches.

But nearly a century after the British visitation, Bethlehem is undergoing another political transformation scarcely less profound.

For the past 13 months, black people have theoretically governed Bethlehem. Since the Boer trekkers first decided in the early 1840s to create a farming settlement there, the majority rules, or is learning to. Yet a couple of decades ago they did not exist in the town's official literature, except by implication.

Publicity material extolling Bethlehem's virtues mentioned a total population of 24,900 of which 8,500 were white.

Fourteen photographs revealed not a single black.

In those days there was, by law, no room in the Inn for Indians travelling through the Orange Free State. They had to clear the provincial borders by dusk. But changing laws nazy

Black people theoretically govern Bethlehem, South Africa

have been the easiest part of South Africa's political transformation. "When you see a heavily pregnant woman crawling 300m through waist-high snow from her shack to the toilet, it illustrates what an enormous task this community faces," says Clem Harrington, a

lawyer and Bethlehem's deputy mayor. The town's population has swollen to nearly 100,000 of whom 70 per cent are black.

In the adjoining townships and squatter camps he estimates annual population growth to be 8-10 per cent.

Bethlehem in Palestine may think it has budget problems, but Mayor Elias Freij has still been allocated \$40,000 by Yasser Arafat this Christmas to decorate Manger Square and make the town look festive for the tourists.

"We shall not be spending anything on decorations," says Theo Scholtz, six times mayor of South Africa's Bethlehem and now chairman of the town's executive council.

"Although I may just find a few rands if new bulbs are needed for the Christmas tree at the town hall.

"How can you create a festive spirit among so many poor and jobless? he asks. "It's not Christmas for them. We must be

aware of their conditions. We need to address their problems, and understand that they want delivery now."

Part of that problem is the town's new but elusive mayor, K E Khabane. He enjoyed enormous success as the

'How can you create a festive spirit among so many poor and jobless?'

representative of the African National Congress organising payments boycotts as part of the struggle against apartheid. His work then is proving stubbornly durable, with only one in five of black households paying for municipal services.

"The white population should,

and is prepared to pay more, in recognition of the privileges they have enjoyed in the past and the good infrastructure that Bethlehem has," says Scholtz.

"But if just 5 per cent of the whites stopped paying, the consequences for the town would be devastating."

The possibility exists. Mutterings among whites about having to bear most of the town's financial burden is growing, as it is elsewhere in South Africa.

The more militant have suggested a virtual boycott, by paying their dues into a special account.

"Mr Khabane is a decent man, but he can be difficult to find," says a council member. "It is particularly hard for him to persuade people to reverse everything he has preached for so long, and his work is made more difficult by the extreme right wingers on the council".

Changing black attitudes is

made tougher by other lingering aspects of apartheid, especially in education. Not a single black pupil has yet been admitted to the town's premier secondary school.

Although there is no legal device for blocking black children, parents claim the school is demanding a full year's fees in advance, which they cannot afford. Whites, they claim, are allowed to pay monthly.

Making reality out of symbolism remains the biggest challenge in both Bethlehems. The one exists in a Free State from which the Orange has now been officially removed, the other in a territory for which freedom and statehood remain the greatest aspiration.

The new year might just link their joint ambitions, with the official "twinning" of the two towns.

It was a politically incorrect idea when first mooted by Mayor Freij during a visit to his South African counterpart in 1993, but after South Africa's political revolution is now likely to go ahead.

Publicity for the event in South Africa would be in the hands of Bethlehem's public relations officer. Her parents, with great foresight, christened her Santa.

FASHION

Precious yarn spreads its appeal

Marion Hume looks at the designers who are giving cashmere a fashionable facelift

Cashmere, that most luxurious of winter fibres, has secured its place in the fashion sphere. Of course, the most traditional sweaters in this warm and expensive fibre always appeal. But what is exciting is the way that designers have pushed cashmere on, into both the slinkiest and most voluminous of shapes. Now, you can have it both ways; cashmere can be the height of fashion and in seasonal colours, or reliable in the form of the trusty twinset.

Michael Kors, Betty Jackson, Gucci, Giorgio Armani and Jil Sander are among today's purveyors of cashmere. The Jean Muir winter collection always includes a special cashmere piece, often featuring an abstract intarsia. In contrast, the American, Michael Kors' edit is plain, plain, plain. But his shapes are modern, being either super-sleender or sloppy Joe outside. Betty Jackson has made the luxury classic jaunty by using it for arippy short-sleeved T-shirts. Jil Sander, the German designer, has double-faced cashmere coats which could roll up in a ball and then spring back to shape - except that one would not tend to do such a thing to a £3,000 coat in the first place.

What attracts the designers who are giving cashmere a fashionable facelift is its pedigree. The wool starts life on the necks and underbellies of mountain goats in the Himalayas, Mongolia and the Xinjiang region of China. Over the winter, this downy under-fleece keeps the animals warm. In the spring, when it is not combed out as a precious harvest, the goats would shed this fleece naturally on to rocks and bushes from whence, in the past, it would be collected, then cleaned and spun. With the demand for this limited resource today, things are a little less haphazard.

In the 18th century, Kashmiri craftsmen wove soft shawls of the fleece to wear against the skin through harsh winters. By the 18th century, the British East India Company was buying these shawls and shipping them to Bilghy, where they became greatly admired and prized. In Jane Austen's day, a cashmere shawl would cost between £200 and £300. By the 19th century, bold shawls of cashmere were something of a fashion must-have among the smart set in London and Paris. By the end of that century the Scottish industry



Oxblood coat, £1,586, TSE; black sleeveless top, £145 from Murray Allen at Scotch House; black wide-leg trousers, £450, Michael Kors at Harvey Nichols; suede boots, £97, Hobbs Tel: 0171 499 2026

Pringle at S. Fisher, 32-33 Burlington Arcade London W1. Tel: 0171-493-4180. General Inquiries 01450-360259.
 Shirin Cashmere, 11, Beak Street Place, London SW3. Tel: 0171-381 1936. Murray Allen at Scotch House, 2 Brompton Road, London SW1. Tel: 0171-581 2151
 TSE, Salford, Oxford Street, London W1, Harrods and Harvey Nichols, Knightsbridge, London SW1. General Inquiries 0171-263 4433.
 Photographer: Wendy Cartwright
 Make-up: Helen Walsh
 Hair: Jean-Marie at Vidal Sassoon
 Styling: Karen McCaskey assisted by Alison Walsh

was unrivalled in the world. And in spite of the efforts of the Chinese, it still is. Today's designers are not the first to head to the borders in search of this rare and precious fibre, buffed up to perfection in the soft Scottish waters. In the 1920s, Coco Chanel and Jean Paton discovered Scottish cashmere, then used for underwear, which they transformed into clothing. Today, cashmere underwear is an indulgent buy, although there is no shortage of takers for floor-length dressing gowns in rich, dark colours

labelled Pringle or Ballantyne. The cashmere twinset, invented in 1937 by Otto Weisz, then head designer at Pringle, soon became the cashmere standard. The most traditional versions still appeal when teamed with a knee-length skirt for opulent yet minimalist day wear. But also appealing are today's re-worked twinsets, with finer finishes and necklines that are scooped and more feminine. Pringle has a longer, skinnier-rib twinset in this season's favourite colour, a milky pale camel;



Oatmeal hooded cardigan, £750, Shirin Cashmere; oatmeal sleeveless tunic dress, £610, Shirin Cashmere. Chocolate brown ribbed tights, £5.99, Jonathan Aston at major department stores. General inquiries: 0116 286 2383



Line/grey double-sided cashmere scarf, £190; grey/cream/line cashmere turtleneck sweater, £299; tights, £5.95, Rebecca Moses at Browns, 23-27 South Molton Street, London W1. Tel: 0171 491 7833. Both Betty Jackson, Tel: 0171 593 7889



Taupe/grey striped cashmere sweater, £730, Lucien Pellat-Finet at Browns; beige argyle/cashmere mix trousers £270, Marni at Browns (as before)

which barely resembles something mother would wear with pearls. "Cashmere is certainly becoming more cutting edge, of course we do great business with the classics in a multitude of colours, but we are getting strong results from innovative, fashionable pieces," says Linda MacLean of The Scotch House. Lionel Fisher, of S Fisher, the famous cashmere shop in London's Burlington Arcade agrees. "We are selling skinnier-ribs and big chunky four-ply sweaters in the most fashionable colours.

The raw fleece comes in three tones, from white to a dark donkey brown. The rarest is white, which is dyed into the palest shades. The big news is the mixing of cashmere fibre with other yarns. Cashmere with silk gives a light and delicious feel, and a soft lustre. Cashmere injected with a small percentage of Lycra maintains a slim silhouette in the most body-conscious pieces. Murray Allan, purveyor of cashmere under its own label and supplier to the couturiers of Paris, has a 90 per cent cashmere mix which includes Lycra and nylon, in

a yarn spun in Italy by L'oro Fiama, probably the top cashmere spinner in the world. This works well in simple pieces such as sleeveless singlets, designed to be worn under a tailored suit or, in more relaxed mode, under a huge, sweeping cashmere coat (such as the one shown here, in oxblood by TSE). TSE, which is made of Chinese-spun cashmere, is building its name among the fashion set. TSE's cashmere wrap-skirt works well over slim legs clad in this season's patterned tights. But the single item which everyone "in the know" desires most is a sweater by Lucien Pellat-Finet.

Pellat-Finet now works with Scottish mills for a range in two-ply cashmere that he calls his "ready-to-wear" line. But it is the Frenchman's four-ply line, made in French homes in the Savigne region, that people find irresistible. Simple T-shirt shapes, a range of colours from bold stripes to baby soft tones, sweeping cardigans and probably the most pricey twinsets available make up the Lucien Pellat-Finet range, to which he adds satin palazzo pants. His luxurious sweaters

take one day each to make and start at about £700 each. "They appeal to a wealthy woman who likes quiet luxury and who does not want her clothes to shout out about money. And they work for her. I call it practical luxury," says Pellat-Finet. People can get addicted to cashmere. This season, Liberty, in Regent Street, stocked 10 cashmere dresses, by Sbrin Guild, at £1,200 each. "To be honest, I was nervous about how they would sell," says Angela Qualitrell, women's wear buying director for the London store. "We sold them all within three days and of the repeat order of 10 we have two left." Not that fashionable cashmere will do away with the most humble items of clothing rendered luxurious by this precious yarn. I have a pair of cashmere socks, which I have worn on walks up hill and down dale for the last six years. I have certainly never indulged them with gentle handwashing. To be honest, they are getting tatty now. But they will certainly last the winter.

Verdura's Maltese Cross Cuffs have become as famous as the couturière he created them for. Was she?

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HOW TO SPEND IT

Bright, beaded and sparkling little bags

Secondhand or tailor-made, the evening bag is an invaluable accessory, says Marina Newland

Little black dresses may be the safe and standard kit for the winter party season, but they make it hard to stand out from the crowd. But add to the black dress an original evening bag, something feathered or velvet, embroidered or sparkling with diamonds or beads and it can add panache and verve to what might otherwise be rather anonymous fare.

Most high street stores stock tasteful black evening bags which will not clash with anything you might wear but they are in themselves a little dull. Instead you could arm yourself with a quality item that will not only last a lifetime but will give as much real pleasure as the right necklace or ring.

Antique items are all the rage now prompted by the release of *Evita* and the revival of retro chic. Anybody scouring the better secondhand shops will find they represent wonderful value for money when compared with modern versions. Steinberg & Tolkein on London's Kings Road, for instance, has an extensive selection of vintage evening bags with prices as low as £28 for a beautifully shaped shell bag with white beading. Otherwise Merola in Walton Street, which tends to stock higher priced mod-



(centre) White beaded shell bag, £28, from Steinberg & Tolkein, 183 Kings Road, London SW3 (tel 0171-378 3660). (right) Chocolate brown feather bag, £110, by Jamin Puech from Harvey Nichols, Knightsbridge, London SW1 (tel 0171-235 5000). Red velvet bag with gold tassels, £120, by Jehanne de Biolley, 29 Conduit Street, London W1 (tel 0171 495 4257). Illustrations: Ashley Lloyd

els with great detail, or Virginia at 99 Portland Road, London W11 (tel 0171-727 9608), are excellent sources. For those who want originality and hope to find it in the work of a modern designer, try looking at bags produced by Emily Jo Gibbs. Her intricate designs incorporate both finely worked wire detailing and luxurious

fabrics. Her current collection includes sterling silver, satin and velvet. Erickson Beamon, at 38 Elizabeth Street, London SW1 (tel 0171-259 0202) offers tailor-made beaded creations to match any dress.

Lulu Guinness designs for many markets. Her range of luxurious bags in velvet and lace are available at her

recently opened shop in Ledbury Road, and start at £150. But at Debenhams, for whom she designs a special range, a beaded design can be snapped up for just £25.

Finally, the queen of the statement evening bag has to be Judith Leiber. Her designer models, well-known on the New York charity set circuit, are now available in

the UK and prices start at £600. Crafted in colourful combinations of diamanté and beads, they are, to the unaccustomed eye, a little on the extravagant side - once seen, however, they will not be forgotten.

And if you lose your purse it will not be the credit cards you will be worried about.

(right) Silver present box bag in velvet, £165, by Lulu Guinness, 86 Ledbury Road, London W11 (tel 0171-221 9889), and Liberty's, Regent Street, London W1 (tel 0171-734 1234). (centre) Black lizard evening bag, £500, by Dorra Karan from Browns, 23-27 South Molton Street, London W1 (tel 0171-491 7833). Black and white rhinestone bag, £1675, by Judith Leiber from Harrods, Knightsbridge, London SW1 (tel 0171-730 1234)



(left) 1820s black velvet and cut steel beaded bag, £499, from Merola, 178 Walton Street, London SW3 (tel 0171-589 0383). Gold velvet ribbon bag with sterling silver handle, £240, from Emily Jo Gibbs (tel 0171-490 3534)

Head west for stress-free shopping

Left gift buying until the very last minute? Why not try London's up-and-coming - but stress-free - shopping spot. Tucked away behind the town houses of Holland Park, Clarendon Cross is a quiet little enclave of West London which boasts unusual, carefully selected merchandise that you are unlikely to find in the high street.

It is a civilised stroll from bustle-free Holland Park tube station; if you are driving it is relatively easy to find parking. The area at the junction of Portland Road and Clarendon Cross is dotted with fashionable shops but retains a village-like atmosphere.

Cath Kidston's household shop, 8 Clarendon Cross, has been an insider secret for some time, selling everything from swimsuits to cushions, coathangers to box files - and in her distinctive Fifties-inspired, floral prints. Duvet cover and pillowcase sets (from £35) in petal pink, pastel blue or lemon floral make nice presents as do the cosy floral eiderdowns (£40). Kidston's rose-ingham or spot print swimsuits are a cult item and matching drawstring wash

bags (£12.50) are ideal for carrying them around.

If small children feature on your list, Bananas next door offers a good range of babywear and cute accessories, colourful wooden toys and teddy bears with interesting facial expressions - none above £25. The best seller is a miniature towelling bear that rattles (£8.95). Wooden block jigsaws of Father Christmas (£8.50) make good stocking fillers.

For foodies, Summerill & Bishop, 100 Portland Road, stocks an excellent selection of unusual and expensive kitchen gadgets from Italy and France. Maple wood chopping boards which double as cheese or charcuterie boards and knife sets would make welcome presents. Covetable items include food or kitchen-inspired pictures on old wooden panels by Pepe Grau-Vercher (from £300).

Fellow shopkeepers all say it is the arrival of The Cross, 341 Portland Road - a shop combining a quirky mix of modern clothes, toiletries and accessories - that has really raised the profile of W11. There is something for everybody in this shop with boxes of handmade soaps, selections of bath oils by

Mio, beaded jewellery and evening bags and men's cashmere socks all ideal as gifts. If you are looking for a soothing gift for the man who has everything the huge three-wick candles (£52) are apparently a big hit with men who visit the shop.

Worth a visit - even just to browse - is Virginia at 88 Portland Road, an antique shop which has long been considered the jewel in the crown of London's vintage clothing shops by top designers and models (Dorra Karan is rumoured to buy the vintage chiffon print dresses for inspiration).

Beaded evening bags and fringed shawls in dove silk chiffon make good presents for fashionable types - although there is nothing vintage about the prices.

For lunch, Julie's restaurant nearby is the obvious choice. Cullen's coffee shop on Holland Park Avenue is hugely popular for breakfast on a Saturday morning. Clarendon Cross is certainly more civilised than Regent or Sloane Street for Christmas shopping - even if some prices are slightly higher and the selection of shops infinitely smaller.

Karen Wheeler

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FOOD AND DRINK

Bordeaux/Edmund Penning-Rowse

An unusual claret vintage

The 1996 claret vintage in Bordeaux was made in the shadow of the extremely successful 1995. US and affluent south-east Asian wine drinkers, only buy "blue chip" vintages, and are much less interested in their successors.

On the other hand, encouraged by global warming, many in Bordeaux thought that, following the hot August 1995, the hotter 1996 and the torrid 1995, a new weather pattern had been established. It was not to be. This year's weather was exceptional.

After a mild, wet winter that refreshed vines stressed last year, the prospects for an early budding were good; but they were dashed by a wet March - except for one day in the last week, when there was a heat-wave.

Flowering was late after a dull, wet April, but suddenly, at the end of May, hot weather produced a rapid flowering that was over in two or three days. Nevertheless there was a good deal of *couleur* (non-setting of the flow-

ers) and *millerandage* (non-swelling of the tiny grapes); and many growers later cut the bottom leaves on either side of the vines to increase the sun's impact.

There was a good deal of summer pruning. June was warm, July was cool and August mostly wet and certainly not hot. The prospects were bleak, but fairly warm and dry weather took over from September 1-17.

A common adage in the Bordeaux vineyards is that "August makes the taste"; but recent years have shown that the decisive period lies in September.

The results were an exceptionally high sugar content - and northerly winds that dried the grapes. There was very little rot. Many could not explain the high sugar levels, but these were accompanied by higher than usual acidity produced by cool

nights. This did not worry the growers as the subsequent malolactic fermentation would reduce it slightly. The weather deteriorated after the 17th, but held up over the weekend of the 20th/21st, and the picking began almost universally on the 23rd and 24th, but stopped after a day of severe rain on the 25th.

Most of the Merlots were harvested in the first week or so, and the Cabernet Francs and the Cabernet Sauvignons, generally the main ripening problem, were picked from October 2 onwards in fine weather. The vintage was over by the 12th, and in many vineyards a few days earlier. The first vint of Merlot had very good colour with 13 per cent alcohol. The outlook for the vintage is one of strong, fruity wines with a good deal of tannin.

A commonly heard suggestion



was that the vintage might resemble 1988 or 1986, indicating fairly slow developing wines: a *vin de garde*. But there were other views, including some as far back as 1966. These comparisons are seldom fulfilled, and prophecies are not uniform.

By the end of August much less rain had fallen in the Médoc than further inland, and the

right bank districts of St Emilion and Pomerol were much more affected.

Growers in the Médoc were generally optimistic, and also in parts of the Graves, including Haut-Brion, La Mission-Haut-Brion, Dom de Chevalier and Haut-Bailly where it was suggested that the vintage might turn out between *bon* and *très bon*. So optimistic too were the leading growers which I visited: among them Lafite, Latour, Ch. Margaux, Mouton-Rothschild, Ducru-Beaucailon, Cos d'Estournel and Léoville-Barton.

Of course, a final assessment cannot be made until the blending for the *grand vin* bearing the châteaux label has taken place from early next year onwards. Nevertheless I received some shocks when I visited St Emilion and Pomerol.

Pierre Lurton at Cheval-Blanc was perfectly content. But it was a rather different report in some leading Pomerols. One proprietor said the year lacked heat, and Christian Moueix, traditionally somewhat pessimistic, and his oenologist for the whole domaine, Jean-Claude Beronnet, said the vintage was *moyen*.

Moueix suggested, provisionally, that possibly he would make only 2,500 cases of Pétrus as against 3,600 last year. In all, it can be said to be a Médoc year.

Before the blending (*assemblage*), there is little discussion of probable price levels. After the record price sales for the leading 20 or so châteaux of 1995, there is little early interest, as happened initially with the 1990s after 1989.

Although the first-growth prices for the 1990s dropped

from FF230 (£26.52) a bottle to FF210, many consider the later vintage the better. At the time of this year's vintage, the price per bottle, in bond, on the Bordeaux market of Mouton-Rothschild 85 had risen to FF650, Latour FF490 and Lafite FF450.

Obviously the Bordeaux négociants hope that prices for the 1996s will not rise, but the best that one of the leading Bordeaux brokers could suggest was a fall of 10 per cent for the leading wines and more of a drop on the right bank, a factor being lack of stocks at the châteaux, save for a proportion of the 94s.

It is clear, however, that 1996 is not a claret vintage to be missed, but if it is like 1988, it may take a fairly long time to come round; but then 1996s are not for early drinking. The dry white Graves that were mostly picked early are good, and generally superior to the 1995s. The Sauternes too are much more promising than last year.

For information on the weather, I am indebted to Bill Blach, of Vitex, the Bordeaux négociants.

Cookery

A food lover's guide to the Balkans

Philippa Davenport on an exotic and remarkable culinary study and recipe collection

The cookbook that has charmed and interested me above all others this year is *The Melting Pot: Balkan Food and Cookery* (Prospect, £19.50, 384 pages), a remarkable culinary study of that deeply convoluted territory spanning part of the Middle East and part of Europe.

The author and illustrator is Sofia-born Maria Kaneva-Johnson, who married an Englishman and moved to Britain in 1965. She paints a loving and richly informative portrait based on inborn knowledge and years of research into the foods and cooking of the peoples that make up the Balkans, with their shared cultural roots and geographic, climatic, economic, religious and national diversity.

The result is an enthralling read, never dryly academic, combined with what must be the most extensive collection of Balkan recipes (300 or more) to appear in the west.

She argues that all-European cookery began in the Balkans about 2,000 years ago. She points out that the Romans did not introduce any new crops to the area, rather that their conquests led to the dispersal of many Balkan plants, and the craft of leavened bread-making, to other parts of Europe.

There are intriguing accounts of Bulgarian commercial market gardening co-operatives working abroad from the end of the 17th century; and the recent building of ovens barely changed in design from those of the ancient world.

The sense of continuity is striking. By force of circumstance, shepherds leading

solitary lives with their flocks, above the tree-line for much of the year, exist largely on bread or porridge and the dairy produce of their ewes. Some communities, she suggests, cling to the old recipes and old ways as a means of retaining their cultural identity.

Zitio or *zito* is a pan-Slavonic word meaning cereal, she tells us, stemming from the old Slavonic word meaning wheat, itself derived from the word meaning life.

A Slovenian porridge of millet and dried turnips may not be to everyone's taste



as Maiden's breasts. But there is a lot in this book that I want to cook time and again.

I am already more than mildly addicted to celeriac stuffed like globe artichokes and an exquisitely delicate Albanian recipe for poaching lamb then baking it in a trembling yoghurt custard. Salted walnuts, black olive stew, beef with prunes and chestnuts, apple kisel, and curls of orange rind threaded on cotton, like the beads on a necklace, steeped in syrup, all sound irresistible.

To the stranger, many of the ingredients have an exotic ring to them (wild apricots, buffalo milk, cornelian cherries, quince, mulberries, salep, pekmez, roasted flour, verjuice, winestones and walnut milk). The excellent background information given on them excites the travel bug in me. This is a very British reaction, I would guess, to judge by the extracts from the journals of such travellers as Lady Mary Wortley, Mary Durhan and Patrick Leigh Fermor that dot the pages along with old proverbs and folk tales.

Kaneva-Johnson gives the name of each of her recipes in the languages of all the Balkan peoples who make it, to help explain the ancestry of the dish. I quote the Bulgarian names only in her seasonal suggestions.

TYURLJU GYUVECH
(serves four as a main course or six to eight as a cold table dish)

Vegetable stews are not in the British tradition but the taste for meatless meals (occasionally if not daily) is growing apace and this dish commends itself on many

counts. The Orthodox Christmas Eve supper is traditionally based entirely on garden produce; and Kaneva-Johnson describes this dish as exceptional, healthy and very typical, with its careful balance of ingredients. The ingredients list may be long but the method could hardly be simpler. Just the sort of thing to appeal in the run-up to Christmas.

1 medium aubergine (unpeeled but cut into cubes, sprinkled with salt and left to drain in a colander for 2-3 hours, then rinsed and squeezed gently to remove excess moisture); 2 medium onions, finely chopped; 400g potatoes, peeled and cut into small chunks; 400g tomatoes (fresh or canned), peeled and chopped; 4 medium cornettes, unpeeled but sliced; 250-300 young green beans (fresh or frozen), trimmed and cut into bite-size pieces; 100g young okra, the stalks carefully

pared away without cutting into the pod; 1 large green pepper, seeded and cut into squares; 250g frozen peas (or fresh ones blanched in boiling water for 10 minutes); 1 large bunch of parsley, chopped; 2 teaspoons paprika; 5-6 tablespoons vegetable oil; 4-5 fresh tomatoes sliced into rounds for topping the stew.

Keep the sliced tomatoes to one side. Put all the other prepared vegetables into a large earthenware casserole or terrine measuring about 30cm in diameter and 9cm deep. Season with 2-3 teaspoons salt and the paprika. Pour on 4 tablespoons of the oil and mix all the ingredients thoroughly.

Arrange the sliced rounds of tomato on top. Sprinkle with the remaining oil and smooth the surface with the back of a spoon.

Bake in an oven heated to 190°C (375°F) gas mark 5 for 1-1/4 hours until the tomatoes on top have browned.

There should be only a little sauce left in the dish. Serve straight from the dish, either hot or cold, with a salad and fresh bread.

RANITSA SUS SIRENE
(serves 6)

A leaf pastry dish marks the high point of almost every Balkan festival and season; it is equally at home at opulent as well as humbler tables. This particular dish (which may be prepared ahead and rewarmed) is eaten on both festive and everyday occasions. It is also served at the stroke of midnight on New Year's Eve with a silver coin concealed between layers of pastry signifying good luck and prosperity through the year for the finder (in Albania and Greece), or a coin plus cornel buds wrapped individually in little slips of paper foretelling the finder's good fortune (in Bulgaria).

300g filo pastry (if frozen, allow the sheets to thaw in

their wrapper); 200g feta cheese, soaked in cold water for half an hour; drained and coarsely crumbled with a fork (or 250g Cheshire or white Stilton cheese, crumbled and seasoned sparingly with salt); 3 eggs, separated, the whites stiffly beaten; 65g unsalted butter (or 40g unsalted butter melted with 2 tablespoons oil).

Keep the pastry covered with a damp cloth to prevent drying out. Just melt the butter and keep it warm. Blend the egg yolks with the cream or yoghurt, then stir in the cheese and fold in the stiffly beaten egg whites.

Grease a roasting tin 25 x 20 x 5cm deep, or a round baking tin 25 x 5cm deep, with some of the melted butter. Line the bottom with two pastry sheets lightly brushed with butter, buttered side up.

If the sheets are torn or too small, patch them with a piece from another. Scatter over 2-3 tables-

poons of the filling, then continue laying buttered sheets, gathering each into tight folds before you trim off any excess - to introduce height and air - and scattering with filling after every second or third sheet, until all is used. Place the last two sheets of pastry flat on top, cut the stack with a sharp knife into five wedges or rectangles, and pour on any remaining butter.

Place the tin in the upper part of an oven heated to 200°C (400°F) gas mark 6. Immediately reduce the temperature to 180°C (350°F) gas mark 4 and bake for 20 minutes. Then turn the oven down to 150°C (300 F) gas mark 2 and bake on a lower shelf for a further 25 minutes. At the end of this time, the crust should be deep golden brown, the base underneath pale brown; if not, bake a little longer.

When cooked, leave to cool a little, then cut into portions. Serve warm or cold.

Appetisers

A cask-strength Laphroaig

Allied Domecq has pulled out some Christmas plums this year. For the first time, it has released a cask strength Laphroaig at 57 per cent with all that wild spiciness and peatiness that Islay malt devotees love so much. Oddbins is selling it at a bargain £28.99.

Even more exciting has been the release of a 30-year-old malt from Ardbeg, Laphroaig's neighbour on Islay. For years now, malt lovers have been tearing out their hair to locate rare bottlings of Ardbeg.

This 30-year-old has a mellow sweetness which fails to conceal the smoky character of one of Scotland's very greatest malt whiskies. Financial Times readers can buy it at an exclusive price of £86 (the normal price from the distillery is £94.98).

Cheques should be made out to Allied Distillers and addressed to Charlie Sale at Leadbetter Inc, 3 Morocco Street, London Bridge, London SE1 3EB. Do not forget to include a delivery address.

Even rarer is a 60-year-old Macallan from Speyside. Only 12 bottles were filled and one was sold last week by Christies for the benefit of the Wine and Spirits Benevolent Society. It fetched a record £11,000.

Oddbins has stocked up on a few rare malts for the festive season, as well as a few bottlings of its own. Recommended are the 1984 Single Highland Malt with its butter-Bourbon character (£14.99) and the fruitcake-like 1973 Speyside (£21.99).

A series of 15-year-old malts have been aged in sherry, port and madeira casks. The most successful are aged in the sherry and madeira casks (£19.99).

Two collectors' items from Hart Brothers are the sweet, heathery 18-year-old from Highland Park (£27.99) and the subtly peaty 19-year-old Port Ellen (£29.99). Rather dearer are a couple of rare malts at cask strength: Benrinnes XI (£44.99) a beauti-

fully sweet, fruity old whisky, and Benromach 27 (£49.99) with its rich, sherry character.

For anyone with £1,100 to spare, Hennessy has released "Richard Hennessy" which, it claims, contains 150-year-old cognac (cognac is transferred from wood to glass at 50-60 years, at which point it ceases to age). It is a rich, buttery old brandy with a delightful rancio character and that smell of vine flowers which is important for cognac lovers. Leading retailers stock it.

If you do not have that sort of money, Oddbins is doing a good little Bordeaux cognac called L'Hermitage for £25.

Giles MacDonagh

after's stale aromas.

Among the best cigar merchants around the UK are: Davidoff (0171 930 3078), Alfred Dunhill (0171 250 8836) and J.J. Fox (0171 930 3787) London SW1; John Hollingsworth, Birmingham (0121 236 7768); James Barber, Sainsbury has since sent me samples of its version, on sale in the petisserie section of 100 of their branches nationwide, which is reasonable value.

PD

Anyone seeking a cheap night out or, in my case, a re-run of my days as a student in Manhattan, could not better the following. A 10in pizza, easily big enough for two, from the coal-burning oven of Arturo's, Greenwich Village, 1106 West Houston Street (212 677 3820) followed by ice-cream or dessert from Custard Beach a few blocks away at 33 East 8th Street, tel: 212 420 6039. There will be change from \$20 (£12).

NL

Those scouring the bookshops in search of Christmas presents for food and drink loving friends may like to consider the following titles, all shortlisted for the 1996 Andre Simon Memorial Awards:

Frangrance of the Earth by Nada Saleh (Saqi); *From Anno's Kitchen* by Anna Thomas (Penguin); *Preser-*

ing *Fine Wine* by Jim Budd (Apple); *Guide to Wine Grapes* by Jancis Robinson (OUP); and *Wines of New Zealand* by Rosemary George (Faber). PD

Date for the diary in 1997 is Nantwich International Cheese Show to be held on the parkland of Dorford Hall, Cheshire, on Wednesday July 30. More than 18 countries and 1,500 cheeses, butters, yoghurts and dairy products are expected to be on display at what has become one of the premier cheese events in Europe. For more details fax Andrew Hunt on 01270-81421.

Jill James

ing by Oded Schwartz (Dorling Kindersley); *Savouring the East* by David Burton (Faber); *The Italian Pantry* by Monisha Bharadwaj (Kyle Cathie); *The Melting Pot: Balkan Food & Cookery* by Maria Kaneva-Johnson (Prospect); *The True History of Chocolate* by Sophie & Michael D Coe (Thames & Hudson); and *Traditional Spanish Cooking* by Janet Mendel (Garnet); *Appreci-*

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Two stocking fillers for those who still enjoy a cigar after Christmas lunch. Andrew Jefford's *Smokes* (£4.99, 112 pages) is a highly enjoyable, anecdotal book on tobacco which, unusually, acknowledges its addictive side while Lampes Bergers, fragrant oil burning vases, (Harrod's Cigar Department £30 upwards) dispense what some refer to as the morning

Olley (01943-462603) and Herbert Love, Edinburgh (0131 225 8082).

Nicholas Lander

In my recent piece on continental cakes for Christmas and the New Year, I said that the only commercial version of *galette des rois*, the traditional Twelfth Night cake of France, I had come across were made and

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TRAVEL

Mirages that look like igloos

Desert ice was a popular commodity in the Iranian city of Yazd, says Scheherazade Daneshkhu

For centuries western travellers were surprised to find ice in the Iranian desert. The inhabitants of Yazd, lying at the crossroads of the caravan route from India and central Asia, prospered through their trade in textiles, brocades and gold. But they also had an appetite for a less durable commodity: ice-cream.

A Dr C.J. Willis, an Englishman who worked with the Indo-European Telegraph Department in the 19th century, was impressed at the variety and sophistication of the ice-creams and sorbets. "The Persians well understand the art of making water-ices and ice-creams," he said, "and various ices unknown to us are made by them, as tamarind juice, pomegranate and cherry-water ices, and various ices of pounded fruits, as apricots and cherries, which are very good."

In the desert, where summer temperatures can reach 42°C or more, ice was made by building a long, shallow pool protected by a south-facing wall to shield it from the sun. The pool was filled with pure water from underground reservoirs - qanats - and after freezing overnight, was cut into blocks of ice before the onset of the sun's heat.

It was then stored in an adjoining ice-house, huge igloo-shaped structures which now stand empty. The thick shell of the mud brick dome, with a diameter of about 15m, offered good insulation.

I had always wanted to visit Yazd, not only for these ice-houses but also for its wind-catchers - known as

baad-gir - which act as natural cooling systems for homes. The chimney-like structures catch the prevailing winds and direct them into the adjoining house - the equivalent of air conditioning.

The size of the baad-gir was often related to a family's wealth - the richer you were, the bigger or more elaborate the baad-gir. The tallest in Yazd stands 38m high at the 18th century Dowlat-abad building, which was once a royal residence.

When I entered Dowlat-abad's gardens, it was over-run with Japanese and German visitors. I had not expected to see any tourists here, apart from the two Scottish friends who had joined us, but Yazd's desert architecture is beginning to attract more visitors.

Tadeo Yamada was an architectural student visiting Iran for the first time, and was clearly excited by Yazd. He was especially drawn to the city's wind-catchers, which have inspired a number of international architects to design natural air-conditioning systems for ecologically friendly buildings.

No building stands taller in Yazd than the tiled minarets of the 14th century Jama'at mosque, which is said to have the highest por-

tal of any mosque in Iran. It is in the old part of the city, where many of the narrow streets are covered to keep out the heat.

Today the less well-off live here but it was once the preserve of the wealthy whose grand houses are now being restored. Iran's equivalent of English Heritage - Miras-e Farhang, part of the Ministry of Islamic Guidance which is also responsible for tourism - has offices in most of Iran's towns and cities. In Yazd, the organisation operates out of a house which once belonged to the wealthy Lari family of merchants.

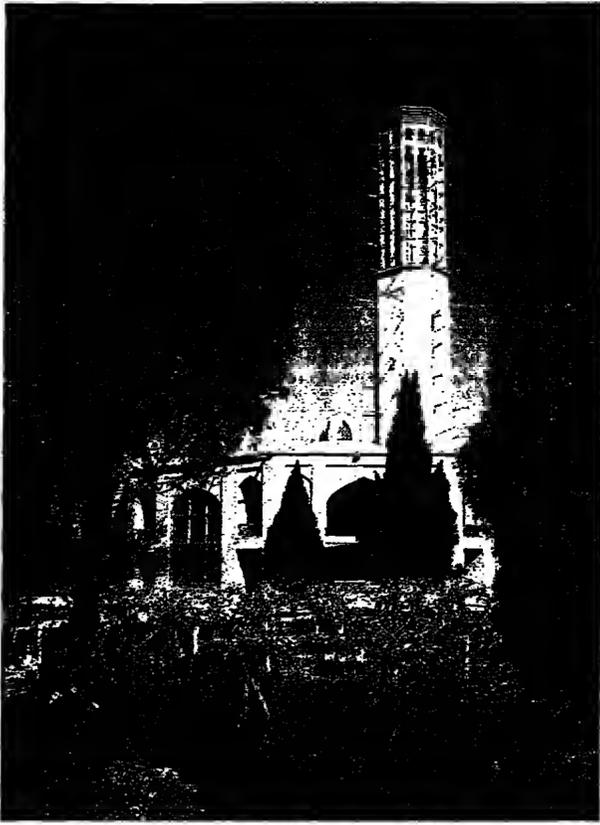
The Lari house is a perfect example of traditional Iranian architecture, with the rooms built around an inner courtyard comprising a rectangular garden and pool. The north facing central room is double height and is sheltered from the sun by a deep porch.

We were less fortunate in finding our way into the Atashkadeh, a Zoroastrian fire-temple, to see the sacred flame said to have been burning since the fifth century. The temple was shut due to a public holiday but it was still not open when we returned the next day.

As we contemplated what to do, two boys in their late teens approached us. They said they were from the Ministry of Islamic Guidance and were conducting a survey on tourism. Would we mind acting as interpreter for our western friends?

First, they asked whether they thought the available tourist information was adequate and whether they had found Yazd's hospitable.

Then they asked whether they had encountered any difficulties in the Islamic



Yazd's tallest wind-catcher at the Dowlat-abad building, once a royal residence

Republic. "Does wearing a headscarf bother you?" she asked Lucy. "No," she said politely. "Would it be a good idea if women in Europe also covered their hair?" they added. When she said it would not, they asked for her reason. She said it would be inappropriate since women in Europe were Christian.

"But would it not be better if Europeans were Moslem," they persisted. At this point, we admonished them for straying so far from the topic of tourism. After protesting faintly, they grinned and said these were not their questions but those of the ministry. We were thirsty as we

hailed a taxi to make our way to the Jame' mosque and asked the driver to take us to a tea-house. Instead, he invited us to his house. We declined but he insisted and before we knew it the car had changed direction. He informed us that he was taking us to his daughter-in-law's house, since his wife was spending the afternoon there. We were alarmed at the doubtless inconvenience to his daughter-in-law of the sudden arrival of four visitors, but our protestations were to no avail.

The windowless sitting room was spotless and furnished with blankets for seats and pillows to lean

Off the Road A welcome drink after a day's work

Nicholas Woodsworth is busy in the vineyards of California

Some 7,000 miles after leaving the Atlantic coast of Nova Scotia, my little van and I coughed and spluttered our way into California. It was heaven.

We - I say we because I am beginning to think of us as a crotchety old couple - had been blessed senseless by winds on the Great Plains; we had spent an entire night shivering in the Rocky Mountains; we had been subjected to biblical rains in the Pacific north-west. And now, suddenly, descending from the mists and drizzle of Oregon, we were gliding blithely through the balmy air and warm sunshine of California. We were ecstatic.

At Orick, on the northern coast, I bought the ingredients for a celebratory picnic. Feeling Mediterranean, I bought Californian feta cheese, black olives, plump red tomatoes, and freshly baked bread laced with hot serrano peppers. Knowing nothing of California wines, I took the first bottle at hand - a Pinot Noir from the Russian River Valley.

Now the Russian River does not arouse sun-kissed, vinous, wine-bibbing Mediterranean images. Try as I might I could not, even with my eyes closed, picture happy, tuneless peasants harvesting grapes on the banks of a river with such a name. I do not mind admitting, though, that after a long and well-irrigated picnic on a nearby beach I was feeling like Bacchus himself.

The Russian River vineyard proved very pleasant indeed, providing, as the label promised, great intensity, bright, lively character and complex depth. I decided that any place that could come up with all these things, and capture them in a bottle, needed further investigation.

The Russian River, I discovered, lies in Sonoma county, just a hop over the Mayacamas Mountains from California's most famous wine-producing area, the Napa Valley. But the two places are really worlds apart. Napa, of course, makes world class wines, using French grape varieties. It challenges the French at their own game, and often wins.

Napa is also a world-beater in another domain - promotion and public relations. For more than two decades millions of tourists have been attracted each year to the narrow valley that is home to about 700 wineries. There they encounter magnificent art-filled properties, smoothly run, on-the-hour tours and tastings, and some of the slickest wine salesmanship around.

With a group of wide-eyed visitors from the mid-west I followed a bright and well-spoken young man around the estate of one of California's most renowned wine-makers, Robert Mondavi. In spotless, well-lit cellars our guides raised the veil of mystery surrounding such subjects as malolactic fermentation, phyloxera, and the origins of Mondavi's celebrated Fumé Blanc wine.

But somehow, I felt vaguely dissatisfied. I wanted to get closer to the grapes themselves. I wanted to get hands-on and sticky. My prospects for a little honest work appeared better in the Russian River Valley. It is the Napa Valley's rustic, less cultivated cousin. Running parallel to the coast, 25 miles inland, it flows through steep, broken hills before turning seawards just north of the town of Sebastopol. Sprawling and rugged, its slopes covered in oak forests and grassy open meadows, it has little of its neighbour's sophisticated pretention. Yet it makes

wines that are second to none. At 7am a day or two later I found myself in a field of Gewürztraminer with a cuchillo in hand. The language of the vineyard, I was discovering, is as specialised as it is in any other field. "Gewürztraminer" is a premium varietal grape originating in Alsace; a cuchillo is the sharp little crescent-shaped blade workers use to cut grapes from the vines.

For most outsiders, in fact, the working language of the California vineyards is wholly impenetrable. If Italian immigrant labourers were replaced by homeless and itinerant Oklahomans during the dust-bowl Depression days, since the 1960s vineyard work has been done almost exclusively by Mexican field hands.

Vineyard work has always been done by the needy, my harvesting companion Lon Socorro Casillas said, because no one else will consider it - the work is hard, the hours long and the pay poor. Casillas is the vineyard manager where the valley's last, late autumn harvest was taking place. In full season he is in charge of 35 or 40 pickers; now, there were just a dozen of his countrymen spread out along rows of slowly yellowing vines.

In a raid on the vineyard, one out of three men ran for the hills

Off we went, reaching for ripe bunches of pearly pink grapes hidden under their canopy of leaves, slicing their stems, and dropping them into large plastic tubs. As the day wore on any vision of happy peasants picking in the fields evaporated with the mist. Grape picking is tough work.

In the morning, when fog rolls in from the Pacific and blankets the fields, this is the source of the Russian River's beneficial cooling effect on slow, even ripening - the weather is chilly. In the afternoon, when the sun burns the fog off, it is hot.

When it rains the valley bottom's clay soils collect in heavy clods around picker's boots. But above all, it is the great speed demanded of workers that is taxing. Paid usually by weight rather than the hour, my colleagues-for-the-day moved with the speed of lightning and left me exhausted.

It is a gruelling way of life, especially for those itinerant workers who, year in and year out, follow seasonal fruit and vegetable harvests from the Mexican to the Canadian borders. Yet it is often more attractive than life at home.

Casillas, once an illegal alien, chuckled as he told of a US Border Patrol raid on the vineyard two years ago. For every three of his men who stayed put, one ran for the hills. Although controls are more stringent than in the past, counterfeit work documents are easily available and clandestine immigration remains the goal of many.

That evening, camped among the now deserted and grapeless vineyards, I sat cooking in my van with another celebratory glass of wine in hand - bone-weary, I was toasting the achievement of simply having made it through the day.

The wine, of course, was Gewürztraminer. Like the previous bottle of Russian River wine, it, too, had intensity, character, and depth. That evening, I appreciated it all the more.

Hotels advertisement: Discover What's So Special About Our World. Includes text about hotel quality and a phone number: 01772 375116.

USA and Flights advertisements. Includes 'Experience the Freedom' with phone number 01737 842735, and 'O' frequent flyer' with phone number 0171 493 0021.

Safaris advertisement: AFRICA Tailor-Made Safaris. Includes text about safaris in Zimbabwe and Botswana, and phone number 01244 897 999.

FLY CSA advertisement: Czech Airlines flies twice daily from London Heathrow to Prague. Includes phone number 0171 255 1088.

Ski USA with Virgin Snow advertisement: 7 nights for £349. Includes phone number 0171 873 3098.

Forthcoming Travel Features advertisement: January 11, 1997. Includes phone number 0171 873 3098.

Large advertisement on the right side of the page, partially obscured and difficult to read, featuring the text 'Health wealth but is it wise' and 'Mature'.

Handwritten text at the bottom center: مکتبہ القرآن

SPORT

Football

Healthy, wealthy but is it wise?

Newcastle's Sir John Hall is a man for the shifting times on and off the pitch, says Keith Wheatley

Stock market excitement about the flotation of half-a-dozen struggling British football clubs is repeatedly being taken as evidence that the sport has never been healthier. Certainly it is wealthier. But to me the game is sick. Football has become a value-free zone.

Evidence this year, from Paul Gascoigne to George Graham, shows that whatever a football star does in the real world is excusable, forgivable, forgettable. Whether the offence is wife-beating or making free with club funds, only those 90 minutes on the green rectangle count. Paradoxically, such an attitude would scarcely have mattered a generation or more back. What players did then away from the pitch was scarcely reported. Their influence as role models - beyond dribbling and trapping - was minuscule. Nowadays footballers cannot be allowed the luxury of thinking that what they do beyond the touchline does not count.

Last week I bumped into Marco van Basten on the French Riviera. He had been playing golf and called into La Caffe, a quiet place in Antibes, for a drink. Van Basten, a former AC Milan striker, has not kicked a ball in almost four years since being sidelined by a knee injury. Yet his arrival created as much attention as if Madonna or Tom Cruise had walked in.

"It still frightens and amazes me how much people follow the details of my life," he said. "I'm just a retired footballer living quietly in Monaco. Golf is about the wildest thing I do but I still get the media treating me like I'm a movie star."

Van Basten seems an admirable young man but he is far from the norm. Parents trying to bring up their children to believe that

cheating at Monopoly or Snap is indivisible from other more serious forms of rule-smashing are getting little help from the sport. As it infiltrates every sector of our lives, the pervasively negative example of many of its stars matters more and more.

Some sports journalists are anxious over the moral decline in the turf they cover. Patrick Barclay, one of Britain's most gifted football writers, wrote an extraordinary confessional recently in a journalist's trade magazine. Barclay declared himself so depressed by the sheer venality and unpleasantness of many of the sport's players and managers that he tries to avoid the off-the-field interview.

Barclay says the game still fascinates him and he describes the action on the pitch with great vividness, yet his reports of football's wider milieu seem to be written more in sorrow than in anger.

Sir John Hall is seen as one of British football's great movers and shakers. His creation of a strong team and a magnificent stadium for Newcastle United has been described - not least by himself - as a keystone in the revival of the economically depressed north-east of England.

Sir John has also turned his attention to ice hockey and rugby. His fight against the Rugby Football Union at Twickenham over the division of spoils from television coverage of the first-class game, still threatens to end in litigation and create a split to rival the 19th century fissure that created league and union.

The prospect does not bother Sir John. He has said that antediluvian structures at the RFU or elsewhere cannot stand in the way of sports club's near-divine right to turn themselves into profitable leisure companies.



Sir John Hall: a mover and shaker in British football and possibly ice hockey and rugby too

This is a man for his times. In the early 1980s, Sir John was a property developer, then came shopping - in spades. At Gateshead he built the Metro Centre, a gigantic shopping mall modelled on a complex in the Canadian prairies. Tyneside, an area built on heavy manufacturing industry, now in decline, had seen nothing like it. Money flowed like the Tyne itself, but in the end it was just retailing. Buying and selling. No one made anything.

For all the worldly interviews he gave about regional revival, Sir John was really just a shop landlord on an unbelievable scale. When he fought his way into control of events at St James' Park and the chairmanship of a once-great football club, he was showing once more his extraordinary antennae for the economic zeitgeist of a new decade. If the 1980s was shopping, then the 1990s was sport.

If the underlying theme was really bread-and-circuses, the soc-

cer-crazy Georgies did not spot that. In a chilling interview on a radio programme, Sir John said that so many young Tynesiders were out of work and unlikely to have a fulfilling career that it was important to provide a successful, glamorous football club for them to support in order to preserve their self-respect.

For a self-proclaimed regional messiah it appeared a pretty low-level ambition. Newcastle United FC on a roll as a swap for jobs and economic independence would not have been a deal that found many takers on Tyneside a generation ago. But little dissent was audible above the cheers for Kevin Keegan.

Sport's true role as a physical and emotional recreation, as an adjunct to peoples' private and professional lives, is diminishing at an ever-increasing rate. As the investment necessary to maintain and run a professional sports team doubles and quadruples, then heritage, ethics and laugh-

ter become luxuries too expensive when set against the cost of marketing the product.

Fred Rosen, chief of the giant US leisure corporation Ticketmaster, recently described the imperatives with impeccable clarity. "I know there's rock concerts, and movies, and books and television and CDs and Internet and sport," he said, "but I also know this - everybody's only got the same two hours."

In the not-too-distant past sport was part of the continuum of a fan's life. They had played the game in school or college, possibly into young adulthood, cheered for a local side, cementing their loyalty to a suburb or city. It was important, passionate, but peripheral. Suddenly the stakes are too high. Every football club that just spent a fortune on a Brazilian striker, knows that it must fight and claw for Rosen's two hours. Despite the viewing figures, not all of us find it a pleasant spectacle.

Cricket

Australian tour slips

West Indian fans have been shocked speechless, says Canute James

No one, not even the most cynical, seems able to work up the courage to say: "I told you so." They, and particularly the most optimistic of West Indian cricket supporters, have been shocked speechless.

All agree that the team now in Australia is not the strongest fielded in recent years. The more outstanding bowlers have started down the far side of the hill, and the batsmen have not been at the top of their form. Much was expected, however, of the new pace bowlers and an improving middle order which included one of the game's best batsmen.

While West Indians conceded that this was expected to be a hard tour, many find it hard to swallow that less than half-way through, their team has lost the first two tests and the opening one-dayers. Worse, none of the encounters constituted a match in the real sense of the word. The finger pointing has started, and will inevitably gather pace, even in the unlikely event that West Indian fortunes are reversed.

Voices are being raised about the team's composition. The attack is unbalanced, argue some. This was especially clear in Sydney, known to be a spinner's wicket. Yet the West Indians went into the tour without a specialist spinner. Emotion has obscured the other aspect of this charge. If there were to be a spinner, who would it have been, and would he have been effective? Well say the cynics, regaining their voices, he could not have done much worse than the pacemen.

The sad truth which West Indian selectors and now despondent supporters have to face is that a four-pronged pace attack is effective only if there are four outstanding fast bowlers. And within the current West Indian attack, there is another imbalance with the continued reliance on Curtly Ambrose. He has failed to fire and appears tired and disinterested as rumours mount of an impending early retirement.

There is also a persistent problem in the inability of the last six batsmen to put together more than 50 runs. And there is unfair pressure on Brian Lara to be consistently brilliant, as a result he seems to be trying too hard. His performance off the wicket is also worrying. West Indians who

thought troubled days of penitence were past, were unhappy at Lara's appearance, in the Australian dressing room to invite Ian Healy, the Australian wicket keeper, not to visit the West Indians. Regardless of his feelings about an umpire's decision, and West Indian management apologies notwithstanding, this was not only a worrying act by a future captain, but will also distract from Lara's concentration on his batting.

This tour was supposed to mark a new beginning. In the wake of the troubled two years under Richie Richardson's captaincy and Andy Roberts' coaching, with indiscipline rife among the players, many thought that getting rid of them would have at once reasserted the team's dominance. A new board, which paid greater attention to the players, a new tour management which would be the envy of most teams, and a captain who is among the game's most outstanding performers, were among the ingredients which would return the West Indies to the top of world test cricket. But the team's approach so far suggests that not all the problems have been solved.

Listlessness is the reward to captain Courtney Walsh's efforts to instil some enthusiasm. Invariably, there are already questions about Walsh, and his ability in strategy and planning. It is also likely that next year will be his last with the team.

But those who question Walsh's leadership admit they are concerned about the attitude of their apparent Lara. Even in the deepest despondency, West Indians are not so churlish as to conclude that the fortunes of their team are the result solely of poor form and attitude. Clearly, the Australian team is one of the more talented, organised and motivated. They have got the formula right.

While the West Indians depend on two or three players to fire, and hope that others will support, the Australians have nine players who can bat and nine who can bowl. There is no shortage of individual talent.

To deal with this, the West Indians need to be at the very top of their game. Looking at their showing less than half-way through to the tour, they are far from it.

Motoring

Mature refinement

Stuart Marshall finds comfort in two similar flagship models

Superficially, the Toyota Camry and Mazda Xedos 9 - both V6-engined flagships of their respective marques - are pretty much alike.

They come fully loaded with electronically-controlled air conditioning, leather seats, automatic transmission, cruise control and power-operated sunroofs, windows and mirrors. Their boots are huge, their styling restrained and, compared with many of the management-level saloons made in Europe and equipped to the same high standard, their prices are modest.

Camry V6 is listed at £24,698, the Xedos 9 at £27,950. The Xedos has a traction control system and CD autochanger, which the Camry lacks, but Toyota does provide Camry buyers with power-adjusted front seats.

Mazda says nearly all Xedos 9s are company-owned and driven mainly by middle-aged men earning up to £50,000 a year. Clearly, the Camry V6 attracts a similar kind of user. For younger, more thrusting people, Toyota is introducing a 2.2-litre, four-cylinder Camry Sport next month, with lowered suspension, some subtle



Left: Toyota Camry (left) and Mazda Xedos 9 V6-engined saloons aimed at business executives.

go-faster body add-ons, larger wheels and Connolly hide trim.

Being neither young nor thrashing, I doubt whether it would appeal to me as strongly as the 3-litre V6, because I reckon this car enshrines all the things mature motorists value. It offers great comfort, has more than adequate performance and so low a level of background noise that journeys are unrelaxing and radio listening enjoyable.

The Camry is not well known in Britain. Even if Toyota doubles its current level of sales and realises its 1997 target of 1750 registrations, fewer than two in 100 management level user-choosers will drive a Camry. It is all very different in the US; well over 250,000 locally-manufactured Camrys were

sold there last year, making it the most popular car in its class after the Ford Taurus and Honda Accord.

Although the Camrys sold in Britain come from Japan, not the US, they still have an American feel about them. The suspension is quite soft, especially at the front, and the ride almost Jaguar-like. Sensibly driven, the V6 Camry handles nicely, though I suspect the users Toyota has in mind for the sporty 2.2-litre version might think it a bit woolly. The automatic transmission is ultra-smooth and its clever electronics first detect, then adjust to, individual driving styles. Thoughtful touches include a sunglasses holder above the rear-view mirror, fog lights that turn off with the headlights, a tissue packet holder built into the centre console and a front bumper designed to withstand 5mph/8kph impacts.

After a week spent driving the Camry, my first impression of the Xedos was that it felt much more European, even though it is made in Japan. The ride, though comfortably shock absorber, was firmer, the steering response quicker and there was more road induced noise. Did the Xedos, I wonder, have its tyres and suspension tuned for billiard table surfaces in Germany rather than coarser, stone-chipped secondary roads in Britain?

The Xedos 9's engine is of 2.6-litre capacity against the

Camry's 3.0-litre and is slightly less powerful, yielding 163 horsepower against 188 bhp. Maximum power and torque (pulling power) are developed at higher revolutions. This reflects a heavily "over-square" design, with a much bigger bore than stroke, whereas the Camry's V6 has a substantially longer stroke than bore.

The automatic transmission of the Xedos takes up the drive quite sharply; when driven hard, upward changes are noticeable. Even with a relaxed driving style, they take place at higher revolutions than in the Camry but the engines of both cars are never less than turbine smooth.

Camry is considerably lighter than Xedos and is quicker off the mark - 0-62mph (0-100km) times of 9 and 11 seconds respectively are claimed - in real world conditions, the difference is not obvious. Both have theoretical maximum speeds of 130mph/210kph; users could expect about 25mpg (11.3 l/100km) in normal use, giving a safe refuelling range of 350 miles/560km.

Neither Camry nor Xedos has the aura of an Audi A6, BMW 5-Series or Mercedes-Benz E-Class - this depends more on perceived status than performance, equipment levels or even value for money. But as alternatives to any of the posh models from European high-volume producers, they look very attractive.



If the rainforests are being destroyed at the rate of thousands of trees a minute, how can planting just a handful of seedlings make a difference?

A WWF - World Wide Fund For Nature tree nursery addresses some of the problems facing people that can force them to chop down trees.

Where hunger or poverty is the underlying cause of deforestation, we can provide fruit trees.

The villagers of Mugunga, Zaïre, for example, eat papaya and mangoes from WWF trees. And rather than having to sell timber to buy other food, they can now sell the surplus fruit their nursery produces.

Where trees are chopped down for firewood, WWF and the local people can protect them by planting fast-growing varieties to form a renewable fuel source.

This is particularly valuable in the Impenetrable Forest, Uganda, where indigenous hardwoods take two hundred years to mature. The *Markhamia lotoa* trees planted by WWF and local villages can be harvested within five or six years of planting.

Where trees are chopped down to be used for construction, as in Panama and Pakistan, we supply other species that are fast-growing and easily replaced. These tree nurseries are just part of the work we do with the people of the tropical forests.

WWF sponsors students from developing countries on an agroforestry course at UPAZ University in Costa Rica, where WWF provides technical advice on growing vegetable and grain crops.

Unless help is given, soil is exhausted very quickly by slash and burn farming methods.

New tracts of tropical forest would then have to be cleared every two or three years.

This unnecessary destruction can be prevented by combining modern techniques with traditional practices so that the same plot of land can be used to produce crops over and over again.

In La Planada, Colombia, our experimental farm demonstrates how these techniques can be used to grow a family's food on a small four hectare plot. (Instead of clearing the usual ten hectares of forest.)

WWF fieldworkers are now involved in over 100 tropical forest projects in 45 countries around the world.

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WWF is calling for the rate of deforestation in the tropics to be halved by 1995, and for there to be no net deforestation by the end of the century.

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PROPERTY / OUTDOORS

Celebration of two English institutions

Country Life magazine and agents Knight Frank share more than a birthday, says Anne Spackman

At the end of the last century two men were struck by the business potential of the English country house. One set up a firm to sell them; the other started offering those outside the gates a glimpse of life at the end of the gravel drive.

They could hardly have expected that 100 years later, in a world dominated by cars, aircraft and computers, the English country house would remain such an object of fascination and desire.

This Christmas marks the end of the centenary year of Knight Frank, founded in April 1886, and the start of the celebrations of 100 years of Country Life magazine, launched in January 1897.

The two institutions share more than a similar birthday. There is a symbiotic relationship which dates back to their earliest days and to the foresight of one particular man, Howard Frank.

He was equally alive to the power of advertising. One week he took over the back page of *The Times* every day to advertise his houses and chattels.

But he came to see *Country Life* as the best window for his goods. His only way of securing its opening pages was to buy the estate agency of Walton and Lee which advertised there at that time.

The first full front page advertisement for Knight Frank and Rutley - as the firm was known until a year ago - subsequently appeared on October 12 1912. The arrangement, whereby Knight Frank had the opening right-hand pages, contin-

ues to this day - although several competitors challenge for it. Clive Aslet, editor of *Country Life*, acknowledges that property advertisements are an integral part of his magazine. "I am very lucky to be editor of a magazine, half of whose pages are done by somebody else," he says wryly.

Rutley handled 35 per cent. its most famous sales include Crystal Palace, Chequers and Stonehenge.

When Peter Oldfield joined the firm in 1933 his reputation was already established. Howard Frank took him on because of his good connections, but his father still had to pay £500 for the privilege.

"Howard Frank said he would give me 10 per cent of the business. I could produce," Peter Oldfield recalls. "Luckily I was a great friend of Lord Rosebery's son and he got all his friends to send their business my way. I earned £7,000 in my first year. The next year Howard Frank reduced it to 5 per cent and I earned £10,000. After that he gave me a salary."

Peter Oldfield was also no slouch when it came to publicity. He tried to get three of his horses licensed as Knight Frank and Rutley to run in a high profile race.

Both Knight Frank and *Country Life* have images steeped in that cosy aristocratic world. They have had to face the awkward task of modernising themselves, while still keeping their reputations in the grandest drawing rooms of Britain.



A glimpse of life at the end of the gravel drive, Chirk Castle 1905

From Shere Ellen's 'The Country House Garden' from the archives of *Country Life* published by Michael Beerley, £40, 182 pages

The residential-commercial split is now 40-60 in the UK and overseas it is even more heavily weighted towards commercial business. It sees its future increasingly in the global market.

"The idea that you could go hunting, shooting and fishing and pop in on Thursday to get your mail, all went," says Patrick Ramsay, head of the country house department, who joined in 1974. "It's not a game. It's a

highly professional business. Everyone has to perform."

That is undoubtedly true. But it is difficult to believe as you cast an eye down the double-barrelled staff surmises that it does not help to know one end of a shotgun from another.

A television documentary on 100 years of *Country Life*, to be shown next week (BBC2 December 23), tried to tease out some of the old prejudices, is it new or old

money which buys these huge country houses, Ramsay was asked. Neither, he answered. It is just money.

Country Life's most obvious response to the demands of the modern world was to go into colour. Though always a leading photographic magazine, it eschewed colour until the 1930s.

Clive Aslet says the main founder, Edward Hudson, was rather tweedy, but the

staff and readers today are marked by character rather than class. "You will still find *Country Life* in quite a lot of stately piles, but not exclusively in such places," he says. "It is not a snobbish magazine. It is a magazine about things of quality."

Country Life is undertaking a project as part of its centenary programme to predict what the countryside will be like in another 100 years' time. Where does

Knight Frank see itself in the year 2096?

"We are not going to be at the forefront of technology," says Patrick Ramsay. "The internet is important, but it is not our world. We are moving in the opposite direction, to a more and more personalised business. Our clients don't want to be given tons of bumph and told to help themselves. It's service which sells houses, not information."

Skiing

Avoiding downhill slopes

Martin Bell on problems retired skiers face finding regular work

Downhill ski-racing is dangerous. What Pietro Vitalini did in the World Cup Downhill at Kitzbühel in 1995 was very dangerous, and I saw him do it. I watched live on TV in the mountain restaurant at the top of the Hahnenkamm, as he flew over the inadequate crash barriers, into a field that would normally have been packed with spectators.

As the race was taking place two hours earlier than usual, he was extremely fortunate merely to tumble down a slope of powder snow, and was not hurt.

I had to tackle the same treacherous strip of ice myself, 20 minutes later. Not only my fortunes, but those of my family, were hanging upon the outcome - just that morning, I had been fantasising about a headline-grabbing result which would enable us to move from our small flat into a house.

In spite of that incentive, Vitalini's accident had infected my sub-conscious with caution which I could not shake off, and it became the first seed of an idea - to stop living dangerously, and retire from downhill ski-racing.

Given the complete uncertainty of future sponsorship or Sports Council funding, I decided it would be irresponsible to continue to inflict this existence upon my family.

When I won a record fourth British Ski Championship title the following week, it merely confirmed that I should go out "on a high". But what can an old ski racer do?

After announcing my retirement, I received letters of thanks from bodies such as the British Ski Federation, the English Ski Council, and the British Olympic Association, and the accolade of the Pery Medal from the Ski Club of Great Britain.



Martin Bell in action before he gave up competition in 1995. Now he is happy tackling steeper challenges as a consultant

its divisive factions could be made more streamlined and centralised.

Mixed feelings ensued: the better the job I did at improving the lot of the remaining British team members, the more I might feel that perhaps I should still be in their ranks after all.

However, the British Ski Federation accepted very quickly that my services were no longer available as a competitor, and tried to recruit me as the coach of the children's team.

I would have been happy to accept the challenge of guiding our best 11-14 year-olds through their first forays into international competition, but it turned out that the British Ski Federation had no funds to pay me. So I had to decline - supporting my family financially was the priority.

Having no job waiting for me, and no qualifications other than a quarter of a century of top-level skiing, one option was to run ski tuition clinics for adult skiers.

the likes of Franz Klammer, and the World Tourism Games in Austria meant competing against travel agents and writers. A week in Aspen for the Land Rover 24 Hours Race was the most physically gruelling activity I have ever done. It hurt just to walk downstairs for days afterwards.

Freelance journalism was another growing source of income, but the television work which I had enjoyed during the previous two ski seasons dried up abruptly.

I did some work on Radio 5 Live's skiing programme, but even that slot has since been taken over by football. Otherwise, most of the summer I looked after our daughter, while Lucy, my partner, was working. I occasionally did odd jobs such as decorating Lucy's sports therapy clinic and helping friends move house, as the British Ski Team let me keep one of their vans for a few months.

At last winter arrived, and the ski clinics went well. Skating slowly with clients, coaxing them towards the Holy Grail of the "carved turn", I discovered reserves of patience that I did not know I had.

One week, I even embarked on a lecture tour of Val d'Isère, around the bars and chalets, and discovered that people were ready to pay to hear me talk about the latest developments in ski technique.

As in so much of the ski industry, my work was seasonal, and summer was fast approaching. But mortgage payments know no seasons, and a regular job was beginning to look essential.

I considered turning my back on skiing and getting a job in the bonds and currency markets with a City broker. But then out of the blue, I was offered a job with a division of a national newspaper as ski consultant to its annual ski show and magazine.

It was a unique opportunity to help shape the trends in the UK ski market. I started my office job in April 1996, almost a year to the day after my final ski race. The first year of living safely was over.

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1997 holds in store a very exciting list of features including the Development Preview on January 25 and the three supplements in March, June and September. Details of all the features and supplements can be obtained from:

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PERSPECTIVES

Gardening

Sussex verges on the pink

Robin Lane Fox finds the Sloane Wallys facing up, in traditional fashion, to blasts of hot Blair

For the 50th time this year, Veronica Sloane Wally threw the Weekend Section of The Times straight into the waste paper basket, having failed to find anything helpful in any of it, and gazed with slight unease into the imminent future.

predicament which any Sloane Wally can see coming a mile off. The New Labour government will be so restricted in scope for economic change that it will win its radical, pink spurs by attacking the symbolic targets which make a Sloane Wally's life worth living.

As it stands, New Britain: My Vision is just the text to rouse a Sloane Wally to a pre-emptive strike. It is absolutely plain that the only approved group with any social differentiation will be those who are struggling to find new businesses, the seed-corn of the new socialism.

ing Families, she remembered her near-certainty that inheritance tax will wipe out all but the most basic legacy from Julian's ageing aunt, and that families who sit still will find themselves ground down by the Levy on Surplus, which will salvage the promises not to raise taxes.

She and Julian looked at each other over breakfast and said it at once together: Social Structures would be the brand name through which the Sloane Wallys can sell a market innovation under a title appealing to grant-holding bodies, embraced by the far Left.

Sloane Wallys have two distinguishing skills: keeping detailed photograph albums of events in their own lives and finding country craftsmen who will do things remarkably cheaply which they can then sell for a remarkably high price.

night in the Sloane Wally's main target area, small back gardens in the more fashionable end of Fulham, where research suggests that the new intake of corporate financiers will be uncertain how to spend yet another bonus.



Marie and Andrew Hubert von Stauffer are back on course and back in business. Clive Ison

Minding your Own Business / Clive Fewins

Christmas all year round

The Christmas decorations remain in evidence throughout the year at the Hubert von Stauffer's house. They come from all over the world, and there are hundreds of different types and styles.

Hubert von Stauffer's house. They come from all over the world, and there are hundreds of different types and styles. Officially we have stopped collecting Christmas mementoes and decorations, but when people offer us irresistible items we accept them with gratitude.

They are tucked away in boxes in odd corners of the 16-roomed house, perched on the edge of the Wye Valley near Ross-on-Wye, Herefordshire. Much of the rest of the building is still crammed with Christmas memorabilia ranging from eastern icons to cribs, candles, festive garlands and china figurines.

They started Christmas Archives International in 1976 and ran it from a terraced house in Cardiff until 1991, when health problems and lack of space made Maria decide to sell the collection she had built up over 40 years.

It last autumn for £62,500," said the countess. "That is the main reason for our loss this year. However the sale has enabled us to get back on our feet. We are investing some of the money in the conversion of an outbuilding into an archive store and also buying computer equipment that will enable us to transmit images electronically."

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The Nature of Things

The turkey's revenge

Many hazards may lurk in the festive meal, says Clive Cookson

Boasted with turkey and trimmings, you bite on the first mouthful of Christmas pudding and crunch - your tooth cracks on a silver coin. The next morning, Salmonella bacteria, which were lurking in the moist turkey breast, strike you down with terrible stomach cramps and diarrhoea.

Take the potato, for example. Most members of its genus, Solanaceae, are poisonous because they contain alkaloid toxins (such as atropine in deadly nightshade). The potato plant's toxin, solanine, is present in the leaves - and in the potatoes themselves if they are exposed to bright light, which triggers metabolic activity and turns them green. Green potatoes are poisonous even if well cooked, because solanine is a heat-resistant molecule.

On the macro scale, there are foreign objects which could be seen easily if they were not camouflaged by the food. They have either been introduced deliberately, like the traditional slipcase, or found their way in accidentally, if they leave your teeth intact, they may still choke you.

We need a microscope to see the micro hazards. These are the bacteria that cause a wide range of food poisoning diseases. Besides Salmonella, the list includes Campylobacter, Listeria, Staphylococcus aureus, Bacillus cereus, Clostridium perfringens and toxin-producing strains of Escherichia coli. Any of these could contaminate your meal.

The molecular hazards are too small to see, even with a microscope. They

include natural molecules and artificial additives - and to some extent there is a trade-off between the two. Preservatives and other chemical treatments can keep down the level of natural toxins in food.

Take the potato, for example. Most members of its genus, Solanaceae, are poisonous because they contain alkaloid toxins (such as atropine in deadly nightshade). The potato plant's toxin, solanine, is present in the leaves - and in the potatoes themselves if they are exposed to bright light, which triggers metabolic activity and turns them green.

Green potatoes are poisonous even if well cooked, because solanine is a heat-resistant molecule. If you have a stomach ache after the Christmas lunch, the reason could be solanine poisoning.

Ian Shaw, head of the toxicology centre at the University of Central Lancashire, Preston, says supermarket potatoes are more likely to go green in your vegetable rack now than they were a few years ago. This is because packers are making less use of Tecnazene, a chemical that inhibits the sprouting of stored spuds.

"Solving one problem may have created a worse one." Something similar may have happened with a key ingredient of the pudding: the flour that binds it together. Until recently, most flour contained preservatives. Because we prefer additive-free food, these have been removed during the 1990s.

Weevils, grubs and other small insects are now found quite frequently in commercial flour, just as they were in the pre-industrial era. Which is preferable, the preservative or the insect contamination, is a matter of taste. Fortunately, neither is very toxic.

A minor ingredient of the traditional Christmas pud is nutmeg. This spice, the grated nut of an Asian tree Myristica fragrans, contains elemicin, a powerful hallucinogen. Eating large amounts can cause drowsiness, stupor and even death, and there are occasional reports of young people getting high on nutmeg.

A more hazardous nut, the peanut, may be handed round during the pre-lunch drinks. Some people are extremely allergic to peanuts and occasionally someone dies from the most extreme form of allergic reaction to peanuts, known as anaphylactic shock, in which histamines and other biochemical molecules surge through the body, preventing blood flow and breathing.

peril awaiting peanut eaters. If they are not stored properly, Aspergillus moulds grow on the nuts, producing aflatoxins. These carcinogens are believed to be partly responsible for the high incidence of liver cancer in Africa.

In comparison with the peanuts, the meal that follows may seem safe. But beware the dimetridazole in the turkey. This antibiotic is fed to intensively farmed birds, to prevent outbreaks of an infection called black head. Although regulations specify that there must be an interval of at least six days between administering the drug and killing the turkey, residues may still have been laid down in the bird's meat.

Dimetridazole is a suspected carcinogen at extremely high doses, but there is negligible risk from the low levels in turkey meat, even for an inveterate turkey eater. "Nevertheless, we should be able to choose whether we take this risk, and organically farmed meat gives us exactly that choice," Shaw says.

Of course, every aspect of life is associated with risks - and rewards. And the range of potential benefits from a Christmas lunch, from savouring the succulent flavour of a turkey breast to finding a lucky coin in the pudding, far outweigh the risks. Do not let this article put you off. Enjoy the meal.

downhill slope



BOOKS

Three cheers for the surprise hits

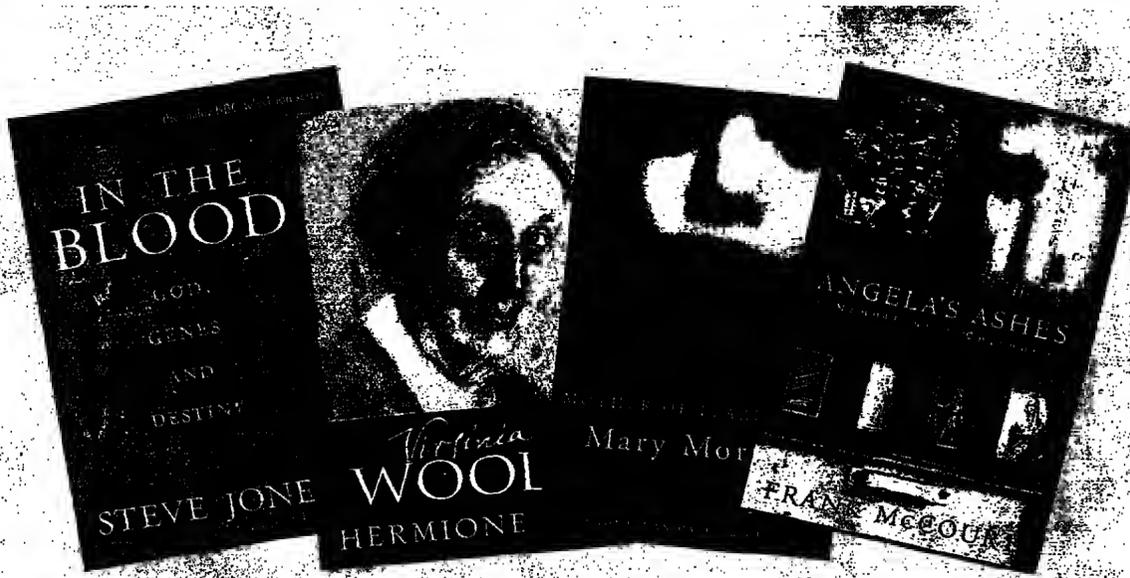
Jackie Wullschlager reviews the year's international bestsellers and finds 1990s obsessions reworked in original ways

Asked a year ago to anticipate the international bestsellers of 1996, who would have come up with a memoir of Irish boyhood and a psychologist's investigation into intelligence? But it is the surprise hits, not the predictable byes, which really reveal the economics of taste, so three cheers for *Angela's Ashes* (HarperCollins, £16.99), a mesmerising reminiscence of a gruesome Irish childhood by 60-year-old schoolteacher Frank McCourt, and for Daniel Goleman's *Emotional Intelligence* (Bloomsbury, £16.99), which suggests that we cultivate EI - a mix of old-fashioned qualities such as empathy, self-discipline ("impulse control") and moral awareness - rather than IQ in the search for happiness ("mood-lifters") and success.

McCourt's book has done well in Britain but topped the charts in New York and Europe within days of publication. It is, in Joyce's phrase, a riverrun of a book, where the flow of memory, tactile, streetwise, lyrical, at once fixes and transcends the daily griefs and joys of a 1930s boy caught between drunken father, helpless mother, dying siblings and pompous priests. Goleman's study, which has sold 170,000 copies - 5,000 is good for a non-fiction paperback - points out that genius is mostly unbalanced and brilliant individuals don't earn top salaries. So don't worry about schools, work on your child's marshmallow test: an infant chooses to wait a few minutes for two marshmallows or grabs one immediately, the decision being "a microcosm of the eternal battle between ... id and ego, telling ... the trajectory the child will probably take through life".

What do these books share? An ugly duckling optimism (you can transcend what you were born with - moderate IQ, abusive background - by imagination or character), and a reworking of our favourite 1990s themes - childhood, memory, how the past shapes the present - in an original form. I loved the first for its art-out-of-pain triumph and idiosyncrasy, bowled at the second for its advocacy of bland normality, but commend both as proof that intelligent, eclectic books can swim against the tide of genre blockbusters and enthrall a wide audience.

Among other serious books which gained popular appeal, note the same 1990s obsessions.



In the Blood: God, Genes and Destiny (HarperCollins, £20) over 40,000 copies sold) was my science book of 1996; Steve Jones' enmeshing of science with culture shows how we now ask of genetics the questions once asked of philosophy and theology. Philippe Descola's *The Spears of Twilight* (HarperCollins, £20) reshapes our idea of the primitive in an exploration of an Amazonian tribe untouched by modern life yet as soap-operatically complex as any human community; this French anthropological masterpiece has the drama of a techno-thriller.

In fiction, it is no coincidence that three of 1996's strongest novels were about babies, roots, childhood fears and fantasies. Mary Morisy's *Mother of Pearl* (Cape, £9.99), about a kidnapping, and Seamus Deane's *Reading in the Dark* (Cape, £9.99), about family secrets in the 1950s, both on the Whitbread shortlist - Deane was also a Booker contender - are exceptional first novels by Irish writers; Margaret Forster's

Shadow Baby (Chatto, £15.99), picks up the themes of motherhood, guilt, abandonment, of her memoir *Hidden Lives*. As this Booker shortlist showed, the historical novel, once derided as escapist, is a vibrant force in fiction. Margaret Atwood's *Alias Grace* (Bloomsbury, £16.99) and Beryl Bainbridge's *Every Man for Himself* (Duckworth, £14.99) are bold but intimate retellings of shocking historical incidents - a double murder in Canada, the last days of the Titanic.

Another *fin-de-siècle* nostalgic trend is the "decade" novel - the 1960s in A.S. Byatt's *Babel Tower* (Chatto, £16.99), Shena Mackay's *cbintz-and-crumplets* 1950s in *The Orchard on Fire* (Heinemann, £12.99). Our most eminent historical novelist, Fanelope Fitzgerald, won the 1996 Heywood Hill Prize for a lifetime's achievement in books, and her great love story, *The Blue Flower*, appeared in paperback (Flamingo, £5.99). The Heywood Hill, founded last year in response to a series of outlandish Booker choices, seems already to have

had a sobering effect on the Booker, for 1996's shortlist and winner - *Last Orders* (Picador, £15.99), Graham Swift's fine, taut portrayal of landscape and memory - were uncontroversial, distinguished, accessible.

For bestselling classic, there is no beating Jane Austen's *Pride and Prejudice* (430,000 copies sold in the Penguin edition alone since the BBC television serial last December). The rise of the classic is a marked feature of publishing in 1996. Anne Brontë's *The Tenant of Wildfell Hall*, for example, which usually sells 10,000 copies a year in Penguin, has sold 40,000 since the BBC serial last month. The classy *Everyman Sense and Sensibility*, average annual sales 1,000, sold 35,000. A farcical footnote: the autumn's war of the Austen sequels, in which Emma Tennant's lesbian *Emma in Love* (Fourth Estate, £12.99) vied with Rachel Billington's smarter *Perfect Happiness* (Sceptre, £14.99). Tennant's dreadful sequel to *Pride and Prejudice*, *Pemberley* (this year in paperback, Sceptre £5.99), has sold 140,000 copies.

Biography, the motor for our current interest in history, had a bumper year. Major achievements were Hermione Lee's groundbreaking *Virginia Woolf* (Chatto, £20), the second volume of the stately three-author *Lawrence, Triumph to Exile* (Cambridge, £29.95), by Mark Kinkadee-Weekes, and the second volume of John Richardson's *A Life of Picasso* (Cape, £20). Biographical battles - there were two *Thomas Manns*, two *Louis Carrolls*, two *Samuel Becketts* - testify to the current rush on literary subjects; of these, I vote for Anthony Heilbut on a homosexual Mann (Macmillan, £25) and Anthony Cronin on Beckett's last modernist (HarperCollins, £25).

Editions of letters, which bring us closer to an individual voice than even the greatest biographies, is another area where scholarship is dovetailing with popular interest. 1996 highlights were *Dear Writer, Dear Actress* (Metuen, £18.99), the heart-breaking letters of Chekhov, III and exiled to Yalta, and his wife Olga Knipper, stuck in Moscow as the star actress who brought

his plays to life; and *Speak Low* (When You Speak Love) (Hamish Hamilton, £30), the bitchy, earthy correspondence of Kurt Weill and Lotte Lenya, which captures the heart of Weimar Germany.

The 1990s are seeing a move away from Victorian lives to subjects at the beginning and end of modern history. With Julie Kavanagh's *Secret Muses: The Life of Frederick Ashton* (Faber, £25), and Michael Billington's *The Life and Work of Harold Pinter* (Faber, £20), each a wicked mix of gossip, psychology and cultural landscaping, the contemporary arts biography comes of age. Among Renaissance books, Diarmaid MacCulloch's *Thomas Cromwell* (Yale, £29.95) brings a figure fixed for most of us in exam-answers instantly and agonisingly to life - this is the star of the Whitbread Biography shortlist. *Giorgio Vasari: Art and History* (Yale, £35), by Patricia Lee Rubin, winner of the 1996 Eric Mitchell Prize for art history, reshapes our view of Vasari as a cultural pioneer

who made the link between artistry and genius so familiar that it now seems inevitable. Wolcowa, also, to an elegant new *Everyman Lives of the Artists* (£20).

For popular biographies, royal women were flavour of the year. Respectful lives, with a dash of gossip, of *The Queen* by Ben Pimlott (HarperCollins, £20) and Sarah Bradford (Heinemann, £20); the page as the confessional for the tacky Duchess of York (*My Story*, Simon & Schuster £15.99) and her tackier rival biographers; veve and colour from Flora Fraser on Queen Caroline, George IV's cast-off wife, in *The Unruly Queen* (Macmillan, £20) - a Whitbread contender - and from Diana Souhami on *Mrs Keppel and Her Daughter* (HarperCollins, £18). Alice Keppel was Edward VII's lover and great-grandmother to Camilla Parker-Bowles, which is perhaps why this made the bestseller lists.

As gifts for any Scrooges in the family, two Christmas ideas. Michael Camille's *Master of Death* (Yale, £25), about the representation of death in art, is appropriately un festive yet visually stunning. *Founder* (HarperCollins, £20) is a riveting tale of how money talks: Amos Elon's biography of the first Rothschild who founded, from a cramped ghetto home, the dynasty which brought kings and princes begging at the door, is the story of the invention of multi-national haute finance and a moving family memoir.

Finally, some fat, beautiful books which would be a treat at the bottom of any Christmas stocking. Shirley Hughes' *Enchantment in the Garden* (Rodley Head, £9.99), my children's book of the year but, like all great children's books, also for adults: a tale of imagination and loneliness in Italy by an artist of enthralling power. A sumptuous memento of Copenhagen as 1996 City of Culture, *The Golden Age Revisited* (Gyldendal, DKR295) is an exquisite, illustrated history of the city's 19th-century Golden Age, which reads like a foreign *Middlenarch*, about a set of brilliant, crazy, claustrophobically united individuals, from Hans Christian Andersen to Kierkegaard. And, literary event of 1996, Vladimir Nabokov's *Collected Stories* (Weidenfeld, £25) - rapture packed between hard covers.

Rereadings/Clement Crisp

Money-grubbing Victorians

When Robert Maxwell's financial skulduggery became public, an astute commentator compared him with Augustus Melmotte. "Who's Melmotte?" asked a friend. The short answer was "A blustering scoundrel in one of Trollope's best and darkest novels", but this did less than justice to Melmotte or to *The Way We Live Now* wherein he features, which is my suggestion for a spiffing Yuletide read.

For those of us not addicted to the factitious jovialities of the season there have to be means of retreat to saner, quieter regions. What better than a roaring triple-decker novel? So, for a Christmas rereading, let me offer you *The Way We Live Now*. Published in 1874, it is Trollope's portrait of money-grubbing in the heyday of Victorian greed, when the stiffest social manners were faced with the lure of gold and the concomitant financial sharp-practice and fortune-bunting.

Its narrative is convoluted, constantly fascinating, yet its characters are almost all flawed and unsympathetic. It presents social attitudes at a crucial time, when early Victorian prejudice (against "trade"; against Jews) yields under the pressures of financial reward and commerce. "You know as well as I do", says a

no-longer young woman contemplating marriage with a Jewish banker, "that that kind of thing is all over now. City people are just as good as West End people".

The narrative centres upon Augustus Melmotte, of dubious antecedents and even more dubious reputation, whose financial bravado and manipulative skill have suddenly



blossomed into the semblance of a vast fortune. His daughter, Marie, is thought to be a "great heiress", and Melmotte's wish is that she shall marry an aristocrat. Among the contenders for her hand is Sir Felix Carbury, young, handsome as the dawn, and wholly dissolute, living off his mother who scrapes a living writing fashionable and foolish books.

Trollope's study of the Carbury and Melmotte

worlds, of the links and connections which take us from a fearful climb, *The Beargarden*, patronised by drunken and spendthrift young aristos, to the House of Commons, to deepest Suffolk and e county family on its uppers, has a stunning energy. His world is alive, teeming, and - what gives an added zest - the title seems not inapposite as we look at our own society a century later. There are still "examined commercial cormorants" (as Trollope calls Melmotte), and still those who feel of such people that "he is one whom we would not admit to our kitchens, much less to our tables, on the score of his own merits. But because he has learned the art of making money, we not only put up with him, but settle upon his carcass like so many birds of prey".

So we see the churning crowd of innocents, gulled by Melmotte's display of wealth, who hope that his Midas touch may enrich them. Where Trollope is especially good is in the gradations of social custom and belief, in those nuances of behaviour and feeling about whom one may know and whom one may not. It is an intriguing sidelight in a book which fixes acutely upon the social position of Jews at this time, that the most honourable character is the banker, Bregbert, who seeks to marry the daughter of a Suffolk squire. The father's diatribes ring horribly but truthfully.

Bregbert's grace of spirit is the only touch of reason and dignity in the tale. Trollope's panorama of this gold-rush is drawn with a beady eye. He does not, I think, moralise unduly, but he has no illusions. There results a picture which convinces utterly, and as it was first conceived as a serial, the onward drive of the action drags us happily along. It is time-travel of the most rewarding kind. And it is in paperback.

A change of face for Santa Claus

Susan Moore on traditional and not-so-traditional books for the very young



"Bunched like a fist I clench for an Great Lynx creeps on big cat's feet." Small boy meets big cat in Jonathan London's winter's tale, "Let the Lynx Come In". Set in a moonlit snowscape, the book is illustrated by Patrick Benson (Walker Books, £9.99).

is Sally Gindley's *Little Elephant Thunderfoot* (Orchard Books, £9.99) which moves from Thunderfoot's birth to the death of his grandmother, Wise Old One, at the hands of poachers, to the elephants' fear and their remarkable and moving ritual of mourning. There is a postscript of "elefacts", the last of which is that an elephant's only enemy is man.

The warnings of the conservationists have obviously been unheeded in Colin Thompson's futuristic tour-de-force, *The Tower to the Sun* (Random House, £9.99). For the last 20 years, the earth has been covered by a pall of yellow fog, shrouding mountains and skyscrapers alike and bathing all in a queasy twilight. The richest man in the world decides he wants to see blue sky and the warmth of the sun one last time. So, on the big-

gest rock in the world - Ayres Rock - 10,000 people begin to build a city to the sky.

Colin Thompson conjures a fantastical, Brueghal-esque Tower of Babel with the help of a machine that can move entire buildings from any corner of the globe. Up and up they pile until out pop the man and his grandson - and eventually everyone else in the world - atop the Tower of Pisa, to bask in the sunshine.

A few modern children's books seem to spin a really good yarn that it was a delight to find a number of exotic folk and fairy tales. In *Loa Lao of Dragon Mountain* (De Agostini, £9.99), Margaret Bateson-Hill draws on the traditional themes of Chinese folk tales to create her original story - in Chi-

nese as well as English - of Lao Lao, the old peasant woman who enchanted children with her beautiful paper-cuts - that is, until the cruel and greedy emperor learnt of her skill.

Katie and the Dream-Eater is a tale of the fabled baku who look after young children at night by eating up their bad dreams. It is brought to us by the Harvard and Oxford-educated Princess Takamado and engagingly illustrated by Brian Wildsmith (Oxford, £9.99).

Far less benign is the monster from the lake, Nabulela. In her book of the same title, Fiona Moodie re-tells a North Nguni folk tale from South Africa (Andersen Press, £9.99). Christina Ball offers striking illustrations to Christopher Moore's engaging adaptation, *Ishtar and Tammuz: A Babylonian*

Myth of the Seasons. Aubrey Beardsley at the Ishtar Gate (Frances Lincoln, £9.99).

Brian Wildsmith's baku is a kind of psychedelic Elmer, and our old friend, David McKee's patchwork elephant, pops up again this Christmas, literally this time, with *The Elmer Pop-Up Book*, a rather superior and amusing example of its genre (Andersen Press, £11.99). New tales of more old familiars also take a seasonal bow, from Judith Kerr's *Mog and the Ice Tea* (HarperCollins, £8.99) to Mick Inkpen's book and tape of *Kipper's Snowy Day* (Hodder, £9.99).

Jane Hissey fans will not be disappointed by the surprise resident of the playroom, *Hool!* (Hutchinson, £9.99). Nick Butterworth gives us more adventures of Percy the park-keeper in *The Treasure Hunt* (Collins, £8.99) and, for the smallest hands, there is a new open-the-flap Spot, *Spot Visits his Grandparents* (Warne, £7.99). With notable exceptions - among them another of Jo Lodge's funny sing-along pull-the-tab books, *If You're Happy and You Know It* (Bodley Head, £3.99) - I am tiring of inter-active gimmickry. The tabs tend not to work or last well, and with so few words they are not much entertainment for the person watching all the pulling, lifting or turning - or in the case of Anna Nilsen's *Where are Percy's Friends?*, the guiding of puppy through the slots.

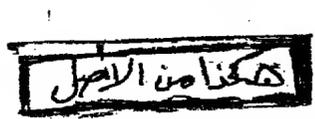
I admired much more the boldness and clarity of Christopher Wormell's first book, *What I Eat* (Jonathan Cape, £4.99) and Steve Lavis' noisy farmyard counting book, *Cock-a-doodle-doo* (Ragged Bears, £9.99). I also applaud the idea behind Hannah Roche's baking bonanza for over threecs, *My Gran is Great* (De Agostini, £4.99). Between unapteenth re-readings of *The Night Before Christmas*, we will be cribbing its recipe for our Christmas cookies.

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ARTS

Martin Hoyle goes in search of the seasonal spirit, starting with music and opera on TV The Devil has the best tunes

Let's pass quickly over such ersatz treats as BBC2's unworthy Christmas in Vienna this afternoon: faves sung by Domingo and Michael Bolton, introduced by Paul Gambaccini. Being besieged by the Turks afforded the Habesburg capital more dignity than this. Tomorrow afternoon's Messiah from Scratch is probably more fun to attend five than to watch (2 again), but it is as Christ-massy as a nervous BBC television allows itself to be these days. Even the Service of Nine Lessons and Carols from King's (the radio is not ashamed of calling it this) is billed in the ZTV section of Radio Times simply as Carols from Kings (Christmas Eve 4.45pm) with the nauseating RT blurb about "time to cluster around the TV for a spot of communal singing" - have these people the faintest idea what the service is? Christmas Day is marked by a burst of Victorian religiosity, rather surprisingly by Channel 4 - though their broadcast of Welsh National Opera's Faust takes a controversial view of Victorian



Humping off with dishonour: scene from WNO's Faust on Channel 4

hypocrisy. Richard Fairman judiciously commented on the vitality, abundance of ideas and occasional humour of Christopher Alden's production, and there's no doubt about the musical quality: Sir Charles Mackerras conducts, Janice Watson, Britain's latest home-grown international star, is the ill-fated Marguerite, and Alastair Miles romps off with the (dis)honours as the devil usually does. Promptly as Faust ends switch over to BBC's Ariodants, another superb operatic occasion. Produced by Christopher Alden's twin brother, the even more controversial David (the producers' names are mentioned nowhere in RT), this is the stylised ENO version whose hallucinatory baroque looks marvellous on the small screen. Ann Murray, in one of her greatest roles, Joan Rodgers and Lesley Garrett lead a vintage cast. After the tales of seduction, diabolism, greed and insanity which the media see fit to celebrate Christ's nativity, it is a relief to turn to the traditional transves-

tion of Boxing Day. Not a pantio as such, but Swan Lake, the sold-out production by Adventures in Motion Pictures with its all-male line-up of swans. More traditionally, Rossini's Cenerentola starts at lunchtime, with the toothsome Cecilia Bartoli as an Italianate Cinderella. Both BBC2, which has also been playing host to the Choir of the Year. The six finalist choruses slug it out on Sunday Dec 29. As ever, the New Year is sealed with a concert from Vienna (Jan 1 BBC2). Riccardo Muti conducts the world's best, if last all-male, orchestra, introduced by by Brian Kaye. Operatic zoology features largely on Jan 2, as BBC2 gives us the Paris Châtelet production of Janáček's Cunning Little Vixen, produced by Nicholas Hytner and conducted by the ubiquitous (and very welcome) Mackerras; and Channel 4's lunchtime is enlivened by an animated version

Dance on TV/Clement Crisp Making steps

Amid the awful, the indigestible and the unwanted it is good to report that the Christmas season will bring some excellent dance programmes. There are things for the devotee as well as for the bored and most interesting are a trio of programmes on Channel 4 in which three choreographers speak about their work and indicate something of their creative procedures. It is a sad fact that some choreographers can talk a very good ballet - but the interest lies in the words rather than the steps. You can sense the truth of this in part of Just Dancing Around (silly title), but Mike Figgis's documentary about William Forsythe the making a piece for his Frankfurt Ballet is a sharp, revelatory study. I make no bones about my dislike of some of Forsythe's work, but Figgis's intelligent camerawork, Forsythe's super-intelligent comments, and the vein of urgency that runs through the film make for a tense and exciting television. Forsythe's own demonstrations and the micro-second verve of his dancers are irresistible. And the Frankfurt Opera's Intendant is a hero. He speaks with massive good sense and no less massive admiration of Forsythe's role in the theatre. Would that other opera house bosses were as wise. Very different - very, very different - the slightly boly manner of Trisha Brown as she sets to work dismantling Bach's Musical Offering, which is just the sort of piece a post-modern creator should turn to as her first use of a classical score! It is cerebral, desiccated stuff, but Brown holds nothing back about the jig-saw manner of her compositional methods. Mark James catches the authentic feel of her dances, and the archival material is fascinating. The third creator is Richard Alton, seen at work on Sometimes I Wonder, which was 13 versions of Stardust set to dancing. Alton speaks well, explains, and Mark Kidel captures Al-

Old films and fossicking

As ever, the BBC has appropriated Christmas, combining frivolity with quality (that phrase is copyright). Channel 4 seems uncertain what attitude to take to the festivities and falls back excessively on old films. The BBC has a wealth of resources to draw on. If we grift our teeth at the prospect of tonight's Jim Davidson's Generation Game ("there's a game involving giant balls"), we can console ourselves with the now traditional Christmas. Only Fools and Horses - making its farewell to the screen (three specials starting on Christmas Day). More jolly seasonal fare with Cruel Train (tomorrow BBC2): an updating to the 1940s of Zola's La Bête Humaine. Lust, murder, blackmail and locomotives, with David Suchet, Saskia Reeves and Alec McCowen. Even that old Christmas stand-by, Dickens, begins a series of An Audience with Charles Dickens by reading

and performing the murder of Nancy from Oliver Twist. Dickens himself would be physically and emotionally exhausted by his efforts. Who better than Simon Callow to re-incarnate fruity theatricality? (Monday, BBC2). Traditional values are also upheld by the charming Eversley Story of Country Life, the magazine of that name blithely continuing to uphold aspects of British life that politically-correct townies snarl "never really existed" but which may be more durable than political-correct townies. Christmas actually gets a look in on Christmas Eve with a Brittas Empire special, Surviving Christmas. An acquired taste with a dash of surrealism, beautifully performed (BBC1). Mrs Merton has her special, while BBC2's Arena: Cae-

sar's Writers recalls an American comedian who flopped on British TV but whose scriptwriters became famous (Mel Brooks and Neil Simon among them). Me I'll plump for the fascinating Being There - Antarctic. From snow to sandy wastes: Saint Ex (Christmas Day, BBC2) fields a starchy cast - Miranda Richardson, Bruno Ganz, Janet McTeer, Eleanor Bron - in the story of writer-pilot Antoine de Saint-Exupéry. Boxing Day's One Foot in the Grave: Starbound combines over-familiar situations with improbable plotting. I think this series should let the other foot in by now (BBC1). Fine Cut: Crumb (BBC2) also looks familiar: the creator of Fritz the Cat has been treated

before on TV though not perhaps so frankly. Dec 28 sees the return of that established favourite, the series of Royal Institution Christmas Lectures. Professor Simon Conway Morris takes children - er - fossicking (BBC2). That other fossil Victor Meldrew appears in the shape of actor Richard Wilson, learning to be a cowboy in Way Out West (Dec 29 BBC1). Obvious

Radio drama - and off-beat quirkiness

The last word associated with the lugubriously-toned John Peel is "festive". Addicted popsters will doubtless snooze through his three-hour Festive 50 on Radio 1 this afternoon. Radio 2's Dame Edna's Aural Experience (5pm) is more like it (guests range from J. Lumley to S. Bassey via Lady Healey and Lord Archer). Vivian Ellis's underrated melodic ranges are remembered in Spread a Little Happiness tonight (Radio 2). So are pig farmer Miranda Shuflebotham (I kid you not) and moirle beautician Amanda, in Angela Rippon's survey of grooming, The Way You Look Tonight (5pm). Otherwise Radio 2's scoop is archive material including Jack Benny (tonight) and Laurence Olivier in A Christmas Carol (Christmas Eve), more successful than the ancient radio versions of screen classics with James Stewart and John Wayne. And heretics may feel Gielgud and Richardson in The Blue Carbuncle (a 1982 BBC production on Christmas Day) pale before Carleton Hobbs and Norman Shelley in the great days of Children's Hour. Drama is better served by Radio 3's conscientiously multi-racial Cymbeline (Dec 22) with Juliet Stevenson as Imogen, a part she was born to play. Dame Edna pops up again, confiding her Private Passions to Michael Berkeley on December 28: her musical choice ranges from the Andrews Sisters in Khachaturian (yes) to Percy Grainger's "Gum-Suckers' March". Well, we did ask. Radio 4 predictably comes up with the greatest variety. Drama includes Frances Hodgson Burnett's Little Princess this afternoon with a good cast led by Julia Macenzie. Tomorrow's Alice in Wonderland looks even more promising, with Roy Hudd, David Bamber and Ken Campbell among the fantasy characters encountered by Sarah Jane Holm's pert miss. The Jericho Players' blend of Chekhov, Fiddler on the Roof and wry, Jewish tragedy-comedy, with Warren Mitchell, Fenella Fielding and veteran David Kossoff as an old strolling actor in Tsarist Russia. When you think of it, 90 per cent of Dickens is totally inappropriate to Christmas, which doesn't stop Radio 4 churning out the nail-biter about the nymph and the paedophile hunchback dwarf to celebrate Christ's nativity. A new serialisation of The Old Curiosity Shop starts on Christmas Day. Tom Courtenay is a wonderful Quilp, and look out for Michael Maloney (a current Hamlet) as Swivelair. And Riddle Walker (Dec 29) is a haunting adaptation of Russell Hoban's futuristic novel of post-holocaust power struggles. Apart from drama, Radio 4's riches are reflected also in Foreign Correspondence (Dec 22), a selection of impressions on Berlin from pens as varied as Wagner, George Eliot, Lenin and Harold Nicholson. Not to be confused with a bumper From Our Own Correspondent (Dec 28), a compilation of the best of 1996's reports. The standard is very high indeed. Correspondents Look Ahead (New Year's Eve) collects prognostications from foreign postings, besides Portland Place. On the humour front, Miles Kingston's Dear Diary (Dec 23) unearths the Christ-

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Music as you like it

Radio 3 offers the most interesting holiday fare, as one might expect. Today Michael Berkeley is the confidant of Sir Vitus Moser, described in advance publicity as "a keen music-lover" though his lasting bequest to Covent Garden (where he once held sway) is the totally unsuitable Die Fledermaus. Live from the Met is its new production of Britten's Midsummer Night's Dream with a fine cast (and our own Peter Rose's Bottom, as seen at ENO). The interval talk provides the fascinating revelation that Britten and Pears shared a Brooklyn house with such names as Paul Bowles, Carson McCullers - and the stripper, Gypsy Rose Lee, she of Gypsy fame. Could Ben have flirted with the idea of an operatic treatment...? Christmas Across the World provides 12 hours of international music on Dec 22, starting in St Vitus Cathedral in the magical city of Prague at 1pm and ending with bells from Finland. Britain's contribution is a considerable performance of Bach with mouth-watering soloists (Kirby, Bowman, Bostridge, Wilson-Johnson) from St Giles, Cripplegate. Radio 3's composer of Christmas week is Tchaikovsky - plus Madama von Meck: Alex Jennings and Anna Massey read their letters. Slightly more conducive to festive jollity is the statutory Messiah on Christmas Eve: modern instruments, Huddersfield Choral Society and all, though oddly conducted by Roy Goodman who would be happier with a handful of authentic practitioners. Not so jolly Christmas Day has Bruckner's Ninth, introduced by Stephen Johnson. Voices Christmas Party with Ian Burnside playing host to Kit, the Widow and Ann Murray, should be a hoot (not the most tactful word to use of mezzo-sopranos, but you know what I mean). No hooting from Cheryl Studer's Leonore in Fidelio (Boxing Day matinee), a recording of Beethoven's opera from this year's Salzburg Festival. Relax later with medieval music for the Feast of Fools within New London Consort. stream is December 28's Met relay of Humperdinck's Hansel and Gretel with Dawn Upshaw and Jennifer Lawrence, conducted by Andrew Davis. If you think you know this delightful score, or dismiss it as children's entertainment, think again. The following day we remember Walter Legge of the Philharmonia, Columbia and Elisabeth Schwarzkopf (reader, she married him). A perfectionist, a real musician and a strangely unlikeable man. 1997 opens with Leonard Bernstein as Composer of the Week. Excuse me, but hasn't he been here before? And needless to say, The Music Machine ends 1996 in its spiritual home, America, at the Massachusetts Institute of Technology (Dec 30). Less hackneyed is Les Fêtes

ART GALLERIES

ANNIE REDPATH/JOAN EARDLEY and 18th January 1997, Duncan R Miller Gallery 144 West Regent St, Glasgow 0141 204 0706 for information.



INTERNATIONAL ARTS GUIDE

What's on in the principal cities

AMSTERDAM

CONCERT
Concertgebouw Tel: 31-20-6718345
● Christmas Eve: by Rimsky-Korsakov. Conducted by Valery Gergiev, performed by the Radio Philharmonisch Orkest, the Groot Omroepkoor and soloists from the Kirov Opera; 8.15pm; Dec 22

EXHIBITION
Van Gogh Museum Tel: 31-20-5705200
● St Lawrence Alma-Tadema: retrospective exhibition of the work of the painter Lawrence Alma-Tadema (1836-1912), who was born in the Netherlands, but settled in London in 1870. In Victorian England he became popular for his idealised, but accurately detailed and colourful scenes of Greek and Roman life. The exhibition features some 70 paintings and a selection of watercolours from international collections. Also on display are photographs from the artist's own collection showing the influence of photography on his work. After the showing in Amsterdam, the exhibition will move to the Walker Art Gallery in Liverpool; to Mar 2

ATHENS

CONCERT
Athens Concert Hall Tel: 30-1-7282333
● Nicolas Kynaston: the organist performs works by J.S. Bach, Franck, Roger-Ducasse, Reger and others; 8.30pm; Dec 27

BARCELONA

EXHIBITION
Fundació Antoni Tàpies Tel: 34-3-4870315
● Robert Motherwell: exhibition featuring about 80 works by Robert Motherwell from American and European collections. The exhibition includes large paintings on canvas, paintings on paper, collages and drawings; to Jan 12

BERLIN

CONCERT
Konzerthaus Tel: 49-30-203090
● Symphony No.9 in D minor, Op.125; by Beethoven. Conducted by Alun Francis, performed by the Tokyo Oratorio Society and the Berliner Symphoniker. Soloists include soprano Amanda Halverson, alto Kaja Borris, tenor: Clemens Bieber and bass Reinhard Hagen; 4pm; Dec 22
● Philharmonie & Kammermusiksaal Tel: 49-30-2614393
● Weihnachtsoratorium (Cantatas 1-11); by J.S. Bach. Conducted by Uwe Gronostay, performed by the Philharmonischer Chor Berlin and the Ensemble Orfil Berlin. Soloists include D. Sandmann, M. Schuster, M. Schäfer and R. Trekel; 8pm; Dec 23

OPERA
Staatsoper Unter den Linden Tel: 49-30-20354438
● L'isola Disabitata: by Haydn. Conducted by Alessandro DeMarchi, performed by the Staatsoper Unter den Linden. Soloists include Aikin, Kammerhofer, Matthan and Wottrich; 8pm; Dec 22

BONN

EXHIBITION
Kunst- und Ausstellungshalle der Bundesrepublik Deutschland Tel: 49-228-9171200
● Die Grossen Sammlungen V: Museo Nazionale di Capodimonte, Naples: exhibition featuring a selection of about 130 paintings from the collection of the Museo Nazionale di Capodimonte in Naples. Included in the exhibition are works by Andrea Mantegna, Raphael, Titian, El Greco, Pontormo, Lorenzo Lotto, Correggio, Annibale Carracci, Giuseppe de Ribera, Guido Reni, Artemisia Gentileschi and others; to Mar 2

BRUSSELS

EXHIBITION
Musée Communal d'Beelles Tel: 32-2-5119384
● Alfred Kubin (1877-1959): exhibition focusing on the work of this Austrian graphic artist and painter associated with the Blaue Reiter group. He wrote and illustrated the Surrealistic novel 'Die andere Seite' (1908) and illustrated various other books, including works by Kafka, Jünger, Wilde, Strindberg, Poe, Barbey d'Aurevilly, and Dostoyevsky; to Jan 26

CANBERRA

EXHIBITION
National Gallery of Australia Tel: 61-6-240-8411
● Paris in the Late 19th Century: this major exhibition - which is the result of a collaboration between the National Gallery of Australia and the Musée d'Orsay in Paris - focuses mainly on the Paris of the 1890s, but also traverses the years leading up to that decade and looks forward to the early 1900s. The exhibition features more than 200 works, including paintings, sculptures, decorative arts, fashion, drawings, prints, posters and illustrated books. Artists represented include Van Gogh,



'Adoration of the Magi' by Andrea Mantegna. See Box

Gauguin, Cézanne, Monet, Renoir, Vuillard, Denis, Géricome, Toulouse-Lautrec, and others; to Feb 23

CAPE TOWN

EXHIBITION
Michaelis Collection - Old Town House Tel: 27-21-248397
● Pictures from a Golden Age: this exhibition brings together a selection of old master paintings from the Dutch School to be found in the collections of South African art museums. The display features some 80 paintings, almost half of which come from the Michaelis Collection. The exhibition also includes a few paintings from the collection of the Rijksmuseum in Amsterdam; from Dec 21 to Feb 20

COLOGNE

CONCERT
Kölner Philharmonie Tel: 49-221-2040820
● Weihnachtsoratorium (Cantatas 1, 4, 5 and 6); by J.S. Bach. Conducted by Winfried Toll, performed by the Deutsche Kammerphilharmonie Bremen and the Balthasar Neumann Chor. Soloists include sopranos Mona Spägle and Gundula Anders, alto Bernhard Landauer, and tenors Nico van der Meel and Johannes Heppel; 8pm; Dec 26

COPENHAGEN

EXHIBITION
Ny Carlsberg Glyptothek Tel: 45-33 41 81 41
● DRUM - a place in Ireland, photographs by Klaus Clement: this exhibition comprises a series of around 50 photographs of a particular individual observed in the local pub in Drum, a small Irish village. The photographic sequence reflects on the genuine isolation of this human being, an existence which continues day after day with little variation; to Jan 12

DUBLIN

EXHIBITION
Irish Museum of Modern Art Tel: 353-1-8718866
● Beverly Semmes: New and Recent Sculpture: American artist Beverly Semmes uses sculptures to address issues surrounding the body and feminism. Tracing her work's evolution over the past five years, the exhibition features photographs and large environmental installations as well as small-scale sculptures; to Feb 23

EDINBURGH

CONCERT
The Queen's Hall Tel: 44-131-6683456
● Messiah: by Handel. Performed by the John Currie Singers and Orchestra; 7.30pm; Dec 22

FRANKFURT

EXHIBITION
Museum für Moderne Kunst Tel: 49-69-21230447
● Szenenwechsel X: exhibition featuring works by Albert Oehlen, Robert Rober, Jochen Filzner, Helmut Blum, Miriam Cahn, Nobuyoshi Araki, Larry Clark, Jock Sturges, Rosemarie Trockel, Arka Dobner, Ed Ruscha, Bernd and Hilla Becher, Thomas Ruff, Max Mohr, Markus Ratz, Stephan Balkenhol and Herbert Hamak; to Jan 5

GLASGOW

EXHIBITION
Hunterian Art Gallery Tel: 44-141-3305431
● Robert Burns (1759-1796) - The Crawford Years: for the last 15 years of his life, the Scottish artist and designer Robert Burns worked almost exclusively for the Crawford family. This display features these commissions, including illuminated manuscripts and designs for the decoration of Crawford's Tea Rooms in Edinburgh; to Jan 18

HAMBURG

CONCERT
Musiktheater Hamburg Tel: 49-40-3469820
● NDR-Sinfonieorchester: with conductor Herbert Blomstedt and the Hamburger Alsterspazier

perform works by Charpentier, Honneger and Beethoven; 8pm; Dec 22

DANCE
Hamburgische Staatsoper Tel: 49-40-351721
● Vivaldi or As You Like It: a choreography by John Neumeier to music by Vivaldi, performed by the Hamburg Ballet (premiere). Soloists include Gigi Hyatt and Joëlle Boulogne; 8pm; Dec 22

EXHIBITION
Deutscherhallen Hamburg Tel: 49-40-321030
● Joan Miró: Zeichnungen und Skulpturen 1945-1983: a collection of Miró's drawings and sculptures on the occasion of the centenary of his death. The Berger Collection is rich both in designs and materials from the artists at Morris & Co, and in books and printed works from the Kelmscott Press. Selected items from the Huntington Library's own holdings complement the exhibition, illustrating Morris' impact on design in America; to Jan 5

HELSINKI

EXHIBITION
The Museum of Foreign Art, Sinebryhoff Tel: 358-9-17336380
● Paper Mirror - Reflections from Rembrandt to the Present: works by Outi Heiskanen, Marja Kanervo, Kirsi Tiitinen and other contemporary graphic artists are presented alongside works by masters such as Rembrandt, Goya and Piranesi. An exhibition presented in co-operation with the Himmelhaus Graphics Workshop; to Jan 5

INDIANAPOLIS

EXHIBITION
Indianapolis Museum of Art Tel: 1-317-925-1331
● Painting in the Age of Enlightenment: Goya and his contemporaries: exhibition of some 60 paintings by Goya and his contemporaries, including Goya's 'The First Lady of Gospel'; 8pm; Dec 23

LAUSANNE

JAZZ & BLUES
Théâtre de Beaulieu Tel: 41-21-6432211
● The Harlem Gospel Singers: an evening of spiritual, blues and jazz standards from one of the finest exponents of the genre and featuring Queen Esther Marrow, 'The First Lady of Gospel'; 8pm; Dec 23

LEIDEN

EXHIBITION
Museum de Lakenhal Tel: 31-71-5165360
● Jan van Goyen: a major retrospective exhibition devoted to the work of Jan van Goyen (1598-1656), celebrating the birth of this Dutch landscape painter 400 years ago. The exhibition features 60 paintings and drawings from international collections and focuses on van Goyen's role as renovator of the art of landscape painting in the Dutch Golden Age. Biographic documents and letters also reveal other aspects of his life, especially his role as a trader in tulip-bulbs; to Jan 13

LONDON

CONCERT
Barbican Hall Tel: 44-171-6384141
● Mozart Festival Orchestra: with conductor/harpist/chorist Ian Watson, soprano Erhan Davies, violinist David Juritz and trumpeters Crispian Steele-Perkins and Edward Hobart perform works by J.S. Bach, Pachelbel, Clarke and others; 3pm; Dec 27

DANCE
Royal Opera House - Covent Garden Tel: 44-171-2129234
● Cinderella: a choreography Frederick Ashton to music by Prokofiev, performed by the National Ballet; 2pm & 7pm; Dec 28

EXHIBITION
Serpentine Gallery Tel: 44-171-4026075
● Bill Culbert: an outdoor light installation by Bill Culbert, involving

tip-trucks parked on the Gallery lawn lit up with an ethereal blue light, with the effect that their trays become massive light boxes; to Feb 18
Spink & Son LTD. Tel: 44-171-9307888

● Lindy Guinness: 'Across the Irish Sea': an exhibition of recent oils and watercolours of Irish landscapes by Lindy Guinness; to Dec 24
Tate Gallery Tel: 44-171-8878000

● The Grand Tour: The Lure of Italy in the 18th Century: for many centuries Italy has enjoyed a reputation as the home of the greatest art and architecture. In the 18th century especially, artists and writers, royalty and nobility travelled there to absorb the atmosphere of antique ruins and to seek inspiration from Renaissance paintings. This exhibition investigates their journey and shows paintings and sculpture, drawings and prints from international collections. The survey includes works by Batoni, Canaletto, Piranesi, Reynolds and Zoffany; to Jan 5

JAZZ & BLUES
Purcell Room Tel: 44-171-9804242
● Jazz 'n' Voices Christmas Gala Concert: vocalists Julie Dexter, Zena Edwards, Sophia Jones, Maxina Daniels and Allison Evelyn, pianist Robert Mitchell, saxophonist Steve Baptista, double bass-player Darren Taylor and drummer Daniel Crosby perform Christmas music; 8pm; Dec 23

LOS ANGELES

EXHIBITION
Huntington Library, Art Collection and Botanical Gardens Tel: 1-818-405-2100
● Celebrating William Morris: Selections from the Sanford and Helen Berger Collection: exhibition devoted to the craftsman, designer, poet, printer and socialist William Morris (1834-1896), on the occasion of the centenary of his death. The Berger Collection is rich both in designs and materials from the artists at Morris & Co, and in books and printed works from the Kelmscott Press. Selected items from the Huntington Library's own holdings complement the exhibition, illustrating Morris' impact on design in America; to Jan 5

Los Angeles County Museum of Art Tel: 1-213-857-6000
● Hidden in Plain Sight: Illusion in Art from Jasper Johns to Virtual Reality: this exhibition examines the status and meaning of visual realism in contemporary art with a selective survey of 100 works by 60 international artists. Beginning with Jasper Johns' iconic 'Flag' of 1956, Pop, superrealist, appropriation, photo-based, video, performance, and immersive electronic media artworks demonstrate how the boundaries between the original and the copy, the authentic and the false, and the present and the past are constantly being tested in our emerging technological era. Included are works by Jeffrey Shaw, Cindy Sherman, Bill Viola, Roy Lichtenstein, Andy Warhol, Nancy Graves, Richard Estes, Eleanor Arlin, Jeff Koons, Sherrie Levine, Gerhard Richter, Gary Hill, Yasumasa Moriyama, Peter Fischli and David Weiss; to Jan 12

MADRID

EXHIBITION
Museo Arqueológico Nacional Tel: 34-1-5777912
● Vida Cotidiana en Tiempos de Goya: this exhibition, marking the closing of a year of exhibitions and other cultural events commemorating the 250th anniversary of Goya's birth, aims to draw a picture of Spanish life in Goya's time by showing objects created by peasant farmers, housewives, craftsmen and artists. More than 300 objects are shown, including clothing, furniture and domestic utensils, farming equipment, kitchen utensils and table ware, decorative objects and tools employed in the practice of certain crafts; to Jan 5

MEXICO CITY

EXHIBITION
Museo del Palacio de Bellas Artes Tel: 52-5-5101388
● 78 ANIVERSARIO La mirada del siglo: this exhibition, centered around Luis Buñuel's film 'La edad de oro', focuses on work by people who inspired Buñuel or were themselves inspired by his work. The display features some 500 works, including paintings, drawings, sculpture, books and photographs. Artists represented include Dalí, Miró, Magritte, Giacometti, Picabia, Ernst, Tamallo, Man Ray, Alvarez Bravo and Garcia Lorca. Also on display are 60 photographs of Buñuel working on a film shoot, made by Gabriel Figueroa; to Mar 12

NEW YORK

CONCERT
Avery Fisher Hall Tel: 1-212-875-5030
● George Winston: recital by the pianist; 8pm; Dec 22

EXHIBITION
Guggenheim Museum SoHo Tel: 1-212-423-3840
● Max Beckmann in Exile: this exhibition examines Max Beckmann's years in exile (1937-1950), focusing on works created during this period that relate specifically to his struggles as an expatriate in Holland and the US. The display includes about 24 works, including

several of Beckmann's triptychs; to Jan 5

OPERA
Metropolitan Opera House Tel: 1-212-362-6000
● Hänsel und Gretel: by Humperdinck. Conducted by Andrew Davis, performed by the Metropolitan Opera. Soloists include Upshaw, Larmore, Zscheu, Falcon and Noble; 7pm; Dec 23, 28, 28 (1.30pm)

PARIS

DANCE
Théâtre des Champs-Élysées Tel: 33-1 49 52 50 50
● Ballet Flamenco Antonio Canales: perform Antonio Canales' Torero to music by Jiménez, Gianoli and Golem, and Antonio Canales' a Cuerda y Tacón to music by Jiménez; 8.30pm; Dec 23, 24, 26, 27

EXHIBITION
Musée d'Orsay Tel: 33-1 40 49 48 14

● Le paysage américain photographique (1861-1890): a photography exhibition documenting both the early years of the art and the adventures of American explorers, captured in wild landscapes such as Niagara Falls; to Mar 2

PRAGUE

CONCERT
Exhibition Ground-Vystraviste Tel: 42 2 6679 8111
● Luciano Pavarotti: the tenor performs works by Verdi, Puccini, Mascagni, Leoncavallo, Rossini, Sibella and Bido; 8pm; Dec 22

ROME

EXHIBITION
Palazzo della Esposizione Tel: 39-6-4742218
● Burt Opera 1944-1995: retrospective exhibition featuring work by the Italian painter Alberto Burri from the 1940s onwards; to Jan 15

ST PETERSBURG

EXHIBITION
The State Hermitage Museum Tel: 7-812-3113801
● Western European Applied Art of the 18th-19th Centuries: this exhibition of works from the museum's collection includes about 100 objects of western European applied art of the 18th to the 19th century. The exhibition is organised on the occasion of the 100th anniversary of the founding of the Baron Shchigolev Museum, which was a branch of the State Hermitage Museum for many years after the revolution of 1917; to Mar 1997

TOKYO

CONCERT
Sawano Hall Tel: 81-3-35849999
● Tokyo Philharmonic Orchestra: with conductor Neeme Järvi, soprano Mari Midorikawa, alto Yumiko Kan, tenor Yoji Kawakami, bass Toshiyuki Kinura and the Serzoku Gakuen University Choir perform works by Wagner and Beethoven; 2pm; Dec 22

EXHIBITION
Isezan Museum of Art Tel: 81-3-33521111
● Matisse and Modern Masters from the Cone Collection: exhibition of 73 works from the Cone Collection of the Baltimore Museum of Art, including works by Matisse, Cézanne, Van Gogh and others. The exhibition celebrates the 10th anniversary of the museum's opening; to Dec 28

VIENNA

OPERA
Wiener Staatsoper Tel: 43-1-514442960
● Die Schweigsame Frau: by R. Strauss. Conducted by Horst Stein, performed by the Wiener Staatsoper. Soloists include Sima, Gonda, Rydl and Skovirus; 7.30pm; Dec 28

WASHINGTON

EXHIBITION
National Gallery of Art Tel: 1-202-7374215
● Georges de la Tour and His World: this exhibition brings together 32 paintings by the 17th-century French painter Georges de la Tour (1633-1652) and 10 works by leading contemporaries such as Caravaggio, Jacques Bellange, Simon Vouet, Hendrick ter Brugghen and others. The works, selected from public and private collections in Europe, the US and Japan, serve to illustrate the place and meaning of La Tour's art in the context of early 17th-century culture. La Tour is best remembered for his realistic portrayal of scenes from everyday life, such as beggars, musicians or cardsharps, and for the dramatic chiaroscuro of his religious works, such as images of the saints; to Jan 5

ZURICH

CONCERT
Tonhalle Tel: 41-1-2063434
● Andrés Schiff: the pianist performs works by Schubert; 10.45am; Dec 22

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CHESS

What was the most important chess blunder? Some would argue for mate in two missed in a world title match, or for Karpov's overlooking a win to beat Kasparov 6-0 in 1984-85; but I suggest the Rice Gambit.

Isaac Rice, a rich US industrialist, was playing his favourite King's Gambit against a friend and play went 1 e4 e5 2 f4 exf4 3 Nf3 g5 4 h4 g4 5 Nf5 6 Be4 6? exd5 6d6. Rice meant to play 7 d4, but blundered his knight by 8 0-0? Rxe5 9 Re1.

To the surprise of both, White swiftly gained a winning attack, and the Rice Gambit was born.

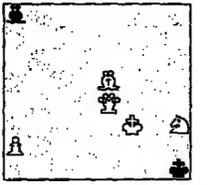
Obsessed with his pet move, Rice sponsored awards and even tournaments and matches to test it. GMs kept the controversy going with new moves for both White and Black. From 1900 to 1904 the Rice Gambit was possibly the major contributor to the world chess economy, even though White's king was weak and the best the GMs could find were drawing lines.

What finally killed the gambit was Rice's own success in persuading world champion Lasker to test it in

a match. 8-0-0 did badly and its inventor, feeling that the top man couldn't save his baby, became disillusioned.

For a late Christmas gift, try the £10 London plastic set from Tournament Chess Supplies (01707-785 9080), British-produced in the traditional Staunton pattern; or telephone lessons (from £15 a month) from GM Nigel Davies at 01979-365811.

No 1189
Here's a chance to make up for any FT puzzles which



defeated you, by solving a problem which baffled me. White mates in three moves, against any black defence (by P Orlik). I was convinced there was no solution.

Answer next Saturday.

Leonard Barden

BRIDGE

The mysteries of so many bridge hands are lost forever in the hurriedly shuffled deck. Keeping the cards in front of you, duplicate style, allows you to review the action and either bask in your glory, or learn from your indiscretions...

N
♠ Q 10 5 3
♥ 5
♦ K 10 9 8
♣ K 9 6
W E
♠ J 2 ♠ A K 9 8 6
♥ K 9 3 ♥ 10 2
♦ 7 6 4 2 ♦ J 5
♣ 10 8 7 4 ♣ Q J 5 3
S
♠ A Q J 7 6 4
♥ A Q 3
♦ A 2

Following East's 1S opening bid, South found himself playing in 4H. West led J4, covered by North's Q4, to East's K4. A4 was cashed, and then 64 played. South ruffed with J7 and East proudly overruled with K7. Unfortunately, this was the last trick for the defence.

and North-South scored up their game.

This would have ended the matter had the cards not been available for review. When the hand was replayed, it became clear that the contract was doomed. At trick three, when the third spade was led and South ruffed in with J7, West should refuse to overruff. Now, when South crosses to dummy to take the heart finesse it loses, and West will also score his 9th later to set the contract.

To tempt the defender to overruff incorrectly, declarer might try ruffing originally with Q4. This should not work, because West should always hesitate before overruffing with a natural trump trick. However, unless West foresees the possibility of a trump promotion, he may play automatically, his mind already set on the forgoing shuffle and the fortunes of the next deal...

Paul Mendelson

This week's prize crossword is a larger Christmas special and appears on page 11



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James Morgan

Asods' law is universally applied

But is especially irritating during this season of climatic incorrectness

During this season we in the northern hemisphere dream of distant sun and long days. But my time south of the Tropic of Cancer sowed the seeds of what I now identify as Acquired Seasonal Obsessional Dysfunctional Syndrome - Asods.

It started while I was living in Malaysia. I would come home in November and grow strangely irritated as people endlessly remarked: "I suppose it's summer over there then."

Through gritted teeth one replied that the point of the tropics is that there is no summer.

Things got worse over time. In April, I flung a novel called *Takeover* in the path of an air

stewardess; it described the "heat of a tropical midsummer night".

The condition might not have deteriorated had I not ventured south of the equator. The fact that February is high summer in most of South America is no problem but that the sun goes the wrong way is. From right to left.

Nobody else notices or cares. In my case the Asods virus has broken down the immune systems that enable one to ignore minor changes effected by the movement of the earth or one's movements about it.

Those who are immune become the source of rage and fury. This popular novelist, Robert Goddard, in his work *Past*

Caring, set certain crucial events in South Africa, in September 1902. Thereafter the protagonists make frequent reference to the "events of the autumn of 1902". But September is spring in South Africa.

Today my son hides his collection of Goddard's oeuvre and the author is not discussed in my presence. Today is, for many, the winter solstice; for my family it marks a time of trial as the obsessional nature of my affliction lets rip. There will be seasonal fare on television that will cause great stress.

Everyone must know the problem but only I will protest. It will be manifest as you watch a Christmas drama; there will be a family exchanging presents in

front of a blazing open fire. But outside you can just see that the boughs of the trees are heavy with leaf and the sun stands high over the lawn. Concentrate on this and your Christmas will be ruined.

The first evidence of my heightened form of Asods emerged while watching a TV serialisation of J.B. Priestley's novel, *The Good Companions*, some years ago. At one point in this drama the cast, a group of itinerant players, perform in a pantomime. For those outside Britain, a pantomime is a per-Christmas dramatic entertainment that turns a familiar fairy tale into farce. Anyway, the players at one point move by train from one venue to another. From

the carriage, the viewer could discern golden fields with what appeared to be harvesting taking place.

Uproar ensued. Family life is ruined by such trivia and this is the main symptom of the affliction. It is not that one's own enjoyment of some facetious entertainment is undermined, but that one wishes to infect everybody else. And it is at Christmas that the dangers are at their greatest, for this is the season of the winter's-tale-made-in-summer.

But this year generally has been bad. The film of the book *Emma* contained consecutive scenes where the protagonists wot strawberry picking. And then they had a picnic. At the

picnic, tomatoes appeared in abundance. And apples in the background. No early 19th century English table could have been thus arrayed. June, August and October were united in a single day. I thought the whole cinema should know.

The only solution is to confront the problem head on. If one suffers from a fear of flying one should fly and familiarity will breed not contempt but acquiescence. I am, therefore, planning an exciting film or TV drama centred on the next Winter Olympic. It shall be called "Black Grapes, Red Tulips". I am in the market for a screenplay. Season's greetings.

James Morgan is BBC World Service economics correspondent.

Peter Aspden Don't ask me why



We never seem to hear very much about chaos theory these days, which is a shame. I well remember the *frisson* of excitement I felt when I first heard that the flap of a butterfly's wing in the Australian outback could cause a tree branch to fall on my head, or a Spice Girl to say something intelligent about politics, or the football team I support to score a goal.

I loved the idea, simply because it gave scientific legitimacy to the ancient and subversive belief that, no matter how we plan our lives, there is something out there which is hatching its own grand narrative for you. My personal preference has always been for the existence of wild, capricious gods who routinely vent their wrath on humanity because they have had a taxing morning; but I understand that theory is a little discredited now, and I am prepared to accept the modern version.

Both Zeus and the gang and our fluttering friends on the other side of the world (and I won't even begin to talk about the Christian God, who is altogether a more complex character) are inventions which cater for the same basic need: to help explain the inexplicable.

It is the single greatest source of human anxiety: the realisation that there is no absolute *quid pro quo*, no intrinsic relation between doing and being done to, no intrinsic sense of cosmic justice in the world. From Aeschylus to the Silver Surfer, Hamlet to Morrissey, this is the one question that haunts us, that prevents us from feeling deliriously happy about our lives: Why? (or Why Me?, as it is more usually framed).

In the land of the free there is little room for determinism

It is fascinating to watch the way in which different cultures deal with the big imponderable. In general, those old societies riddled with a history of war, oppression, and sadness cope rather well with life's vicissitudes. Talk to an artist or politician from eastern Europe, for example, and you are never far away from an ironic aside or the knowing curve of the mouth which announces that things may be like this today; but who can say about tomorrow?

When Tadeusz Mazowiecki emerged victorious as the new Prime Minister of Poland in the 1980s, he made his first visit to the Council of Ministers building in Warsaw and declared: "The windows are very small and the room is very big. It made me a bit afraid." This poignant declaration, so rich in metaphorical meaning, should be pinned to every prime minister's residence in the world. But not every political leader carries the gloomy baggage of recent Polish history on his or her back.

In the New World, such melancholic demeanour is frowned upon. Imagine an American president dispersing such negative vibes in the wake of his election (perhaps Bobby Kennedy at his most soulful might have brought it off, but look what happened to him). In the land of the free, there is little room for determinism. Which other nation would house its cultural metropolis on a seismic eruption waiting to happen? And which other nation could take the notion of an "earthquake-proof building" - a tempting affront to nature if ever there was one - at all seriously?

In general, those societies which have become more secular have little patience for the unpalatable idea that there are limitations to the desires of the human will. Hubris is a stranger to them. But the inexplicable will still happen; and the victims of random misfortune will still demand explanations: why me?

Hence the insatiable appetite of contemporary science to illuminate the dark, scary corners of the human condition, where the simple chains of cause and effect mysteriously become undone. We are bombarded ever more fervently by nutritionists, psychologists, physicists, claiming to have found the various keys to long and fulfilling life. We are offered the prospect of a definitive gene map, which contains sure guidance to physical health and, by extension, prosperity.

But I, for one, feel much happier simply hoping that the butterfly's wings are with me today; or that Apollo is not in too ugly a mood as I walk to work in the morning. Some of life's surprises - good as well as bad - are not meant to be explained away. Cultivate the chaos in your life, and enjoy.

Private View

The voice of Christmas to the world

On Tuesday about 250m people will tune in to the King's College choir. Christian Tyler met its head chorister

Outside, a Feuland fog clung to the chapel walls. Inside, the last shreds of a grey afternoon had been filtered out by stained-glass windows of midnight blue. Electric lamps threw their beams up delicate ribs of fan vaulting. Below, the faces of the choristers, huddled like refugees in the empty church, were gently illuminated by glass-shaded candles.

The music director took his place between the choir stalls, facing *The Adoration of the Magi*, a large Rubens altarpiece uncomfortably wedged beneath the East window. Bending towards a discreet microphone on his stand he asked for an E minor chord from an invisible organist. The choir of King's College, Cambridge, was at practice.

On this occasion the choir had an audience of one. On Tuesday an estimated 250m people will switch on their radios to hear it sing the Festival of Nine Lessons and Carols, the traditional Christmas Eve service.

Americans organise brunch parties for the broadcast; in South Africa they take it with cocktails on sun-baked verandas. And because radio waves travel faster than sound waves, the outside world will hear the singing before the people crammed at the back of Henry VI's chapel.

The 14 young men and 18 boys of the famous choir are used to audiences. Yet, the most nervous moment of the year will have to be faced half a minute before the broadcast begins when director Stephen Cleobury chooses one of them to sing the solo opening verse of *Once in Royal David's City*.

Last year the finger of fate pointed to Edward Saklatvala. "It's quite a good feeling to know you've done it well," he told me before the practice. "But it is quite nerve-racking."

This year, having just turned 13, Edward's veteran status is recognised in his honorific title of Head Chorister. His duties include "writing things up on the board, looking after Mr Cleobury's music and getting the crock lined up."

The boys walk in crocodile formation down to the chapel from King's College School on the

other side of the River Cam, dressed in their "Etons" - a uniform of stiff collar, waistcoat, striped trousers, short jacket and top hat. In summer they have to run the gauntlet of what Edward described as "the Japanese tourists with their hi-tech cameras."

He added: "We had to walk through the middle of New York in our Etons once."

Was that humiliating?

"No, it was quite fun."

A lot of church choir music is bought these days by people who have not the slightest interest in religion. It is said to be popular with drug-takers, for example, and has become a staple of the "crossover" market. The Benedictine monks of Santo Domingo de Silos in northern Spain sold more than 6m albums of their Gregorian chant in four years. I asked Edward if he found it odd.

"Well, not really. I mean, it is

Among "boring" composers he counts the 18th century William Byrd, whose music he compared to "dice-rolling with weighted dice. It's nice to listen to because it's quite nice music. It's just that it's boring to sing."

Some pieces like Stravinsky are just completely random, very difficult but not absolutely really nice." He professes the up-beat Victorian Sir Charles Stanford because he is lively and complex.

What about pop music?

"Anything from Oasis, the Spice Girls or the Fugees."

About the choir's in-house pop group, Poison, however, he was not complimentary.

Choristers must be good all-round musicians. If a singer botches a note in rehearsal, he raises a hand to show he is aware of the mistake so that the choir can continue uninterrupted. Today they were practising *The Song of the Cherubim*, a difficult-sounding work of ethereal Russian bass by the modern Polish composer Penderecki. When they came to the end of *Song to the Virgin Mary* by his compatriot Panufnik, Cleobury congratulated them on their stamina.

Edward is a violinist as well as a singer - "a stunning violinist" according to his housemaster. He plays not only Bach and Mozart but also Grieg, Brahms and Shostakovich. He hopes, like his elder brother, to get extra-mural coaching at a music college when he moves on to St. Paul's School in London and perhaps return one day to King's as a choral scholar.

If a singer botches a note in rehearsal, he raises a hand to show he is aware of the mistake

just music. I don't think it's that weird."

What do you think about while singing: the music or other things?

"In a normal service I sometimes think about other things. But if a lot of people are listening you concentrate on getting things right."

Does it improve the singing if you think about the meaning, about God?

"Mr Cleobury does go on about that quite a lot. He says it's not like reading out the football scores or something like that."

Do you feel moved while you sing?

"It really depends what we're singing. Some pieces are just quite boring."



The chorister to sing the opening solo is chosen at the last minute. Last year it was Edward Saklatvala. Lydia van der Meer

or... I wouldn't say he sang the notes, he just sort of shouted them."

St. John's also has a junior school and Edward added with some satisfaction: "We haven't lost a cricket match against them for, oh, well, not since I've been here."

Other domestic rivals include the choir of nearby Trinity College (which includes girls); New College and Christ Church in Oxford; Winchester Cathedral and the Roman Catholic Westminster Cathedral in London.

Asked about a career, Edward seemed to want to emulate his father. Jeremy Saklatvala is a

professor at the Charing Cross Hospital in London who plays the cello in his free time. His wife, Teresa, is editor of a science journal and their three other children - George, Kathryn and Eleanor - all play one or two instruments.

The surname comes from a Parsee merchant family in Bombay. Shapurji Saklatvala, Edward's great grandfather, was a celebrity: he was a co-founder of the Communist Party of Great Britain in 1920 and, representing North Batterssea, became the first man to win a seat in parliament on a Communist ticket.

"As seasonal workers, with services, concerts and broadcasts in

store, the King's choristers have a truncated Christmas break. For the boys, there is compensation in the form of visits to the cinema and the pantomime, a choristers' disco, and presents worth up to £15 from the college.

On Christmas morning there is a treasure hunt at school. The headmaster, Andrew Corbett, dresses up as Santa Claus and goes into hiding with their Christmas stockings. "He's always either in the chorister's block or the common room," Edward said. After singing the morning service in chapel - usually Mozart - they are released to go home to their families.

Truth of the Matter

Feasting is good for us

We have enough spare cash to eat long, happy meals and succour the needy

But apart from the gastronomic elite for whom eating deliciously and extravagantly is an art form or at least a "statement", there still remains a solid cadre of caring people who find themselves annually troubled and uneasy about the Christmas binge.

They are the people who look down the right-hand side of the menu before they look at the dishes to which the prices are attached. They do not buy wine which costs more than £5. They top up uneasily the number of blind children in Bangladesh who could have their eyesight restored for the price of a meal for four in a London restaurant. Even when someone else is paying the bill, doesn't it stir a twinge of angst?

But feasting is good for us. It is a way of celebrating the community of family and friends. It loosens the constraints and softens the edges of relationships. It

opens windows into the hearts and feelings of our neighbours and kindles affection. It suggests for a few happy hours that the generosity and good humour generated by shared physical delights might be the true human condition. It is the next best thing to a sauna with none of the awkwardness. We need our feasts, our long and happy meals, to remind us that this kind of intercourse keeps us human. The wonderful film *Babette's Feast* says it all.

But just over the horizon is Rwanda and Bosnia. On our doorsteps people are sleeping on the street. In freezing tenement blocks single-parent families spend less in a week than our friends. They are the mental skeletons at our feasts. Most people block them out. We can become consumed with a kind of schizophrenic paralysis thinking of

them. Usually we end up by sending a cheque to Save the Children and get on with stuffing the turkey.

Serving a great Cathedral forces this dilemma down one's throat every day, not just at Christmas. All that beauty. But this beauty is expensive. The music is ravishing but extravagantly costly; vestments and robes cost thousands; the printing bill is horrendous; the heating bill is worse; 90 employees

have to be paid; people have to be entertained, births and birthdays celebrated, deaths ceremoniously observed. Above all, the building has to be conserved and cared for. It all costs millions.

And just over the horizon is Bosnia and Rwanda, the poor and dispossessed of the world for whom, according to the Gospel, we should have a particular care. Are we traitors to them?

So in such a place we have a duty to keep sharply etched in our imagination painful images of the world's cruelty and pain. We have exhibitions of photographs which trouble us daily and shock some of our visitors. We have to promote and sustain major programmes offering practical support and material sustenance - in our case focusing on the Sudan and its appalling griefs. All that awful pain has to be held in the middle of all that surpassing beauty.

We try to cling on to both the beauty and the pain. Without the pain the beauty has no heart. Without the beauty the pain has no hope. A cathedral is one way of keeping alive a rumour of angels in a seemingly dark and cruel world.

There is an ancient Chinese saying: if you have only two pennies left in the world, spend one on a loaf to keep you alive and the other on a rose to give you something worth living for.

As we stuff the turkey we might do a mental sum of what our little feast is going to cost, and on New Year's day send a cheque to Save the Children.

Some will go on to fast for them in Lent. Both feasting and fasting keep us in touch with our humanity. For the truth of the matter is that we have enough spare cash to feast ourselves occasionally and succour the needy.

We may also recall that Jesus said Heaven is a Feast, raise a glass in prayer for our friends in the Sudan, and look forward to being able to vote to restore the cuts in this country's overseas aid. For some it promises to be a Happy New Year.

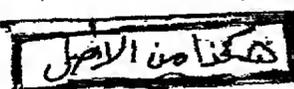
Hugh Dickinson

Great Aunt Emily was energetically austere, exceedingly plain and wore brown. Great Aunt Sophie was systematically economic, pinkly wrinkled and wore blue.

Towards the end of their immensely long lives they diverged physically and were hard to tell apart except by their colour coding. They were sharp, intelligent and high-minded. For them food was fuel for the mind and good works. Great nephews staying with them were discouraged from second helpings with the admonition that they should think of the poor children.

"Needy" and "greedy" were uncomfortably convenient rhymes for pointed jingles designed to keep the moral fibre taut.

Of course it may have been the effect of wartime austerity on characters already naturally inclined to self-denial. Certainly war-time hunger left an indelible imprint on the minds and fridges of the generation which lived through it. "Waste not want not" carried to ideological extremes ends up with five baked beans saved in a small saucer at the back of the ice box. Growing whiskers.



WEEKEND INVESTOR

Current takeover bids and mergers

Table with columns: Company, Value of bid, Market price, No. of shares, etc. Includes entries for AFCA, Afton, Biffert, etc.

Results due next week

Table with columns: Company, Accounting date, Last year, etc. Includes entries for INTERIM DIVIDENDS, Moy & Sme, etc.

Dividends are shown net of tax and are adjusted for any intervening stock issues. Figures are not normally available until about six weeks after the board meeting to approve preliminary results.

Bids / Deals

Hostilities in energy

One of the busiest weeks for bid activity culminated yesterday with the closure of CalEnergy's \$788m bid for Northern Electric - one of seven hostile battles in the UK market.

Although 30 per cent of Northern's shareholders have backed its vigorous defence, the US predator was last night tipped to win control of the company.

The electricity sector contracted another notch this week when Entergy, a big US utility, made an agreed \$1.3bn bid for London Electricity.

Outside the energy sector, the engineering industry witnessed a surge in activity with bids from FKI for Newman Tonks, Europe's largest architectural hardware company.

FKI, the acquisitive engineering group, surprised the City by persuading M&G, Newman Tonks's largest institutional shareholder, to support its proposed \$197.5m takeover.

As with Dominion Resources's \$1.3bn bid for East Midlands which the authorities approved on Wednesday, the London bid is not expected to raise any regulatory problems.

Gulf Canada Resources, the oil and gas group, launched a hostile bid for Clyde Petroleum on Wednesday, which valued the UK oil independent at \$432m.

Praxis Hedge is to raise \$21m via a 1-3 rights issue @ 18p. Praxis Real is to raise \$13m via a 5-20 rights issue @ 33p.

Coated is to raise \$12.5m via a placing and open offer. Craythorn's Century is to raise \$3.1m net via a placing and open offer of 15.2m new shares @ 20p.

Diagnos is coming to the market via a placing worth \$10m. Eikon is to raise about \$25m via an offering of 3m and shares. Pecos's Group is to raise \$27.7m net via a placing and open offer of 57p.

Sanctuary Music Productions is to raise \$2.7m net via a placing and open offer of 4.6m shares @ 6p. Tend is to raise \$7.1m via a placing and open offer on a 5-9 basis.

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In the Pink

Playing the percentages - for the sake of charity

Kevin Goldstein-Jackson looks at corporate giving and asks whether the money could be put to a better use

I know it is the Christmas season because, with every post, I get more begging letters from charities. Give money to one and you could get deluged by lots more, as some charities sell their mailing lists.

Why do people give to charity? To do good? To save their conscience? To seek entry points to heaven by making up for some of the terrible things they may have done? To look good in the community, or among certain people who might recommend them for an OBE - even a knighthood - in the new year honours list?

Sometimes, unscrupulous business people give money to charity, in a haze of self-sought publicity, in an attempt to get people to think that they and their businesses are honest and respectable. What, to an outsider, might appear a large donation could actually be just a small amount of the money gained by fraud and other dishonest practices.

An honest person who gives £1m (£1.6m) to charity will be showered with praise for his generosity, despite it being just a minuscule part of his wealth; while a poor person who donates 25 might never receive any recognition, even if that sum was a quarter of his savings.

People may give to charity with the aim of easing pain and suffering, or to promote some other good cause. But some charities waste donations on administering overheads, paying for plush offices and large salaries, or spending large sums in an inefficient, ineffective manner.

Individuals may feel they have a choice as to whether they contribute to a charity - and, if they do make a donation, to choose a worthy recipient. I give to a few, carefully selected charities where I know my money will be used properly. But, like many other people, I am also supporting a number of charitable activities indirectly because I have shares in companies which donate part of their profits to "worthy" causes. Should they?

Would it not be better to use that money to provide increased benefits to holders of 1 per cent of their dividends.

The Percent Club has no written constitution and its annual meeting, attended by company chairmen and chief executives, represents its only formal activity. There are no membership fees.

Should companies ask shareholders which charities should be supported, and then ask for their approval? I think not, unless a company was thinking of giving money to an organisation with a suspect or controversial status.

In any case, companies do not seek shareholders' permission to use part of the advertising and promotions budget to sponsor various commercial sporting events - even if these have been selected partly because the directors like that sport.

I am not really a Scrooge. Not am I stating this just because Pearson (owner of the Financial Times) is a member of the Percent Club. There are genuine benefits that accrue to companies actively involved in supporting charities and the local wider communities.

Faced with a choice between a mean, Scrooge-like company and one that has a "friendly" image partly because of its charitable activities, ordinary consumers are more likely to buy products and services from the "nice" companies. They feel they will be treated fairly.

Similarly, in attracting top talent to work for a firm, those that seem "friendly" are likely to seem more appealing. Therefore, shareholders should benefit. It is not just in the season of goodwill that everyone has a duty to help insure a just and fair society.

Last week's interim results

Table with columns: Company, Sector, Date, Profit, etc. Includes entries for ASDA, Anglo-Medial, Amstar, etc.

Figures in parentheses are for the corresponding period. Dividends are shown net of tax. * 1st interim figures. ** 2nd interim figures. *** 3rd interim figures. **** 4th interim figures. ***** 5th interim figures. ***** 6th interim figures. ***** 7th interim figures. ***** 8th interim figures. ***** 9th interim figures. ***** 10th interim figures.

Directors' share dealings

Transactions for own companies: December 9-15 1996

Table with columns: Company, Sector, Shares, Value, No. of directors. Includes entries for Andrew Sykes, Barclay Group, etc.

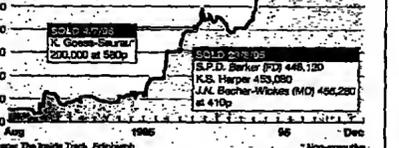
Companies may notify the Stock Exchange within five working days of a share transaction by a director. This list contains all transactions (listed and Airt) including shares of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange. Shareholdings are ordinary, unless otherwise stated. * Not Paid Ordinary Shares. Source: The Inside Track, Edinburgh. 0151-538 7070

Last week's preliminary results

Table with columns: Company, Sector, Date, Profit, etc. Includes entries for American Trust, Baker Energy, etc.

Figures in parentheses are for the corresponding period. Dividends are shown net of tax. * 1st interim figures. ** 2nd interim figures. *** 3rd interim figures. **** 4th interim figures. ***** 5th interim figures. ***** 6th interim figures. ***** 7th interim figures. ***** 8th interim figures. ***** 9th interim figures. ***** 10th interim figures.

Share price trends



Source: The Inside Track, Edinburgh

Ideal Hardware

Four directors of Ideal Hardware, the computer data storage group, sold shares to the value of £71.3m following good interim results and a bullish statement by its managing director.

Table with columns: Share price (pence), Shares, Value (£'000). Includes entries for J.J. Becher-Wilkes (MC) 635,000, K.S. Harper 310,000, etc.

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Weekend Investor

Wall Street

'Tis the season for Triple Witching

Turmoil on the money markets embroils John Authers in another primeval rite

ADD another primeval rite to the holiday season. Yesterday saw a ritual which is celebrated with total turmoil on the money markets: Triple Witching. Nothing to do with Halloween, it is the name given to the four days each year when options on stocks and indexes, and futures on indexes, expire simultaneously. It usually creates immense and apparently irrational market volatility.

While derivatives were not solely to blame, Wall Street certainly had a crazy week. Before yesterday's mayhem, when the Dow Jones Industrial Average gained 60 points in the first half hour of trading, it had registered on Thursday its second highest points gain ever, up 126.87 points for the day, mainly in reaction to healthy trade deficit figures.

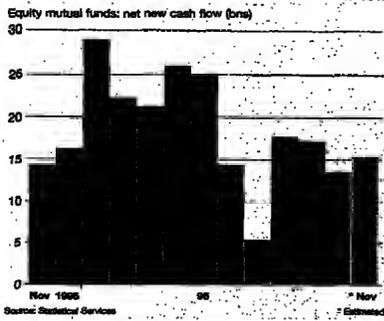
On Tuesday there had been heavy selling, on somewhat improbable speculation that the Federal Reserve, meeting that day, would raise base rates. Housing figures also suggested the economy was growing faster than had been thought. And on Monday trading was so volatile that the "up-tick" and "down-tick" rules were triggered. These are in place to restrict excessive computer-driven selling on days when the market is significantly up or down. And on that day, the Dow was at different times both up and down 50 points compared with its opening, only the second time this has happened.

The net result is less impressive than these huge swings suggest. Thursday's close, of 6,473 for the Dow, was identical to its close on Tuesday the week before. Its eye-catching daily rise was only 2 per cent, a gain that had been managed in a day more than 100 times before.

Away from the technically induced ferment on the trading floor, America's small investors had the opportunity to take stock. The closing weeks of December are also the cue for a welter of fresh statistics on the mutual fund industry, which has provided marketeers with a reassuring flow of cash.

This has brought the industry under unprecedentedly tight scrutiny. And this has revealed many practices

Still more buyers than sellers



and policies which unit trusts, their British counterparts, ought to emulate.

The Investment Company Institute confirmed that mutual funds had had a record year. As of the end of October, there were 6,201 funds with combined assets of \$3,390bn, of which 48.7 per cent was in equity funds.

Net new cash flow (new money minus redemptions) to stock funds for the year to October was \$192.62bn, more than double the \$97.51bn for the same period last year, and comfortably ahead of the \$128.33bn recorded for the whole of 1995.

Inflows as a percentage of total assets were not particularly high. Average monthly inflow was 1.36 per cent of total assets - up from 1 per cent in 1995 and 1.24 per cent the year before, but well below the levels of 1993 and 1992, when in-flows ran at 1.74 and 1.47 per cent of assets. Flows are not at an unsustainably high level.

There have been winners and losers among the managers. Vanguard, high priest of low charges, and best known for its cheap index-tracking funds, attracted \$20.7bn in new assets by the end of the third quarter, according to Strategic Insight, a New York research group. That money increased its assets by 14 per cent compared with the beginning of the year, before market gains are taken into account. It is now the second largest US fund group, behind only Fidelity.

The impact of charges can be overstated. Investors still care most about investment

performance, but charges are still at the top of the agenda, mainly due to Fidelity, which has had a bad year. At Fidelity, if a fund has beaten its benchmark index over the preceding 36 months, it will take a larger percentage charge; and if it has lost to the index, the performance charge will drop. The total available range is plus or minus 20 basis points, or hundredths of a percentage point.

Last week, it was announced that the Magellan fund, flagship for both Fidelity and the whole industry, had slipped behind the return on the S&P 500 index for the 36 months to the end of September. So it cut its charge. This could cost Fidelity more than \$100m in charges foregone. The announcement led to a renewed outbreak of *schedafrende* about Magellan's well publicised problems this year.

But the UK unit trust industry might notice that Fidelity's charging system puts managers on the side of their own investors. And charges across the US industry are far lower. The average charge on a US diversified equity fund is 0.74 per cent, and for a specialist sector fund, 0.68 per cent. This is barely half the 1.25 or 1.5 per cent norm in the UK.

Dow Jones Ind Average:

Monday	6280.35 - 38.52
Tuesday	6303.33 + 39.98
Wednesday	6346.77 + 38.44
Thursday	6473.84 + 126.87
Friday	

London

How the runes square up

Philip Coggan is no Nostradamus - however...

WHAT most investors would like for Christmas is a consultation with Mystic Meg or Nostradamus, giving them a clear picture of the stock market's movements in 1997. Should they pile into the market or get out while London is at an all-time high?

Alas, this column has no clairvoyant qualities, but it can bring you the forecasts of some of the leading UK equity analysts. Among the most bullish is Bob Semple, equity strategist at NatWest Securities. He thinks that the UK will enjoy decent economic growth and rises in profits and dividends through the year. "A new Labour government will be tough on both monetary and fiscal policy which will allow bonds to rally, and lower bond yields will drive equity markets next year," he says.

Worries about the election

and the first Labour Budget may give the market a rough ride in the early part of the year. But by the end, Semple expects the FTSE 100 index to be in the 4,500-4,600 range.

Some analysts are worried about a setback on Wall Street next year but if that occurs, Semple believes that the spread between Footsie and the Dow Jones Industrial Average should narrow.

Ian Williams, UK equity strategist at Pammure Gordon, is also upbeat, with a Footsie target of 4,500 by end-1997. "Analysts are underestimating the strength of earnings," he says. "The economy is going to grow by 3.8 per cent in 1995 and that will be a big help to corporate profits."

Although base rates are expected to rise in 1997, Williams says, "a rise in rates to 7.5 or 8 per cent, compared with the sort of moves we have had in the past, is really not that great. People tend to forget that the mar-

ket can go up when short rates are rising."

Nor is he worried about the election. "Our inclination is to look through the politics at the economic fundamentals," he says, adding that "the perception of international investors is that Gordon Brown is a safe pair of hands."

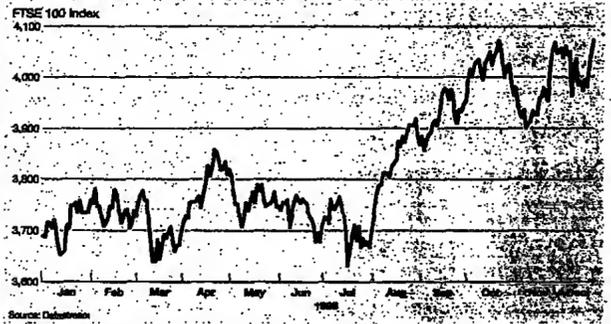
Robert Buckland, UK equity strategist at HSBC James Capel, says: "We are not expecting much help from interest rates in 1997. But if rates only go up to 6.75 per cent by the end of the year, it will not undermine the market. Meanwhile profits and dividends should grow at 10-11 per cent, and if the market goes up in line, Footsie will hit 4,400."

Another area of support, he argues, is that investment institutions already have 5.6 per cent of their portfolios in cash. "That is well above the historical average and nearly twice the level prevailing before the 1987



Alas, this column has no clairvoyant qualities

1996 was good: what about 1997?



Highlights of the week

Price	Change	52 week	52 weeks	Notes
Index	on week	High	Low	
FTSE 100 Index	+106.2	4077.6	3576.9	Wall Street revival
FTSE 250 Index	+90.1	4088.8	3589.7	Talkover speculation
AOT	+177.6	1950	988	Western Resources bids
British Aerospace	+83.5	1210.6	779	Albus reorganisation hopes
British Airways	+87	742.5	308	Bid hopes in air
BSI	+49	687	378	Positive regulatory news
Cycle Petroleum	+38.4	121.6	55	Bid by Gulf Canada
GN	+49	1198	785	Litigation worries
General Accident	+72	770	612	Takeover talk
Leopards	+16	782	628	Positive trading statement
Newman-Tanks	+48	151.6	99	FQJ bids
Patric (p/c)	+36	400	205	Squeeze
Scottie Holdings	+48.4	808	524	Approval for merger drive
Sherrwood Group	+14	188	98	Profits warning
Wills Coroon	+10.6	188	116.4	Sector consolidation

crash," he says.

The global team at Kleinwort Benson has a very bullish forecast for Wall Street, and this puts a constraint on Philip Isharwood, the group's UK strategist. "The question is to what degree we follow Wall Street down," he says, "but if it does fall you have got to remember to buy it. We believe the UK is a cheap equity market relative to a cheap bond market. Domestic worries, on politics, inflation and earnings, are overstated." Isharwood's short-term downside target for Footsie is 3,650 but he expects a strong rebound later, taking the leading index to 4,350 by the end of 1997.

Richard Keraley, equity strategist at BZW, is predicting that Footsie will end 1997 at 4,300. "The UK looks good in relative valuation terms because it has been a poor performer in local currency terms in 1996, in terms of equities as well as gilts. The convergence story has helped other bond markets but not the UK, while the UK has been virtually the only place in the world where interest rates have gone up. But interest rates may start going up in other places in 1997 as the world economy recovers."

Mark Tinker, the UK strategist who recently moved from James Capel to UBS, thinks that corporate earnings will grow by 8.9 per cent in 1997 and Footsie should rise in line to hit 4,300. "I can't see anything that will sustainably change the market's rating," he says. "Interest rates may rise to 6.75 per

cent but not to a level that would crowd out equity investment. A Labour election victory is priced in on the macro-economic side, although there is a risk that a new government could hit the corporate sector with excessive regulation."

Richard Jeffrey, Chartered Institute of Economists, hatched Footsie to finish 1996 at 4,000 and is going for the same level at the end of 1997. "The index may reach better levels at mid-year. The market could go up 10 per cent or so as investors become more optimistic about economic growth and the outlook for earnings."

But in the second half of the year, investors will become more nervous about inflation and interest rates and Footsie will fall back," Jeffrey expects inflation to hit 4 per cent by the end of the year and base rates to reach 8.5 per cent.

The most bullish view is taken by Mark Brown, head of strategy and economics at AIM-Ammo House Corbett. He thinks Footsie will drop to 3,700 by the middle of the year before rebounding to finish 1997 at 3,900, still below current levels.

Brown expects bond yields to rise round the world, as activity recovers, and this will put the brake on equities. Corporate earnings may also be squeezed by a tightening labour market. Dividend growth is slowing, he says. Payments rose 9 per cent in 1996, and he is looking for 7 per cent in 1997 and 6 per cent in 1998.

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